



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20461

THIS IS THE BEGINNING OF MUR # 3555<sup>6</sup>

DATE FILMED 11-9-93 CAMERA NO. 2

CAMERAMAN JM H

93043505405

PERKINS COIE

A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS  
607 FOURTEENTH STREET, N.W. • WASHINGTON, D.C. 20005-2011 • (202) 628-6600

July 2, 1992

MUR 3555

92 JUL -6 PM 12:34

RECEIVED  
FEDERAL ELECTION COMMISSION  
OFFICE OF THE CLERK

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

Dear Commissioners:

This letter represents a complaint filed by Democratic Senatorial Campaign Committee, against Alan Keyes, a candidate of the Republican Party for the Senate in the State of Maryland, Alan Keyes for U.S. Senate ("the Senate Committee") his principal campaign committee, Campaign for Maryland's Future ("CMF"), a multi-candidate committee registered with the Federal Election Commission, and Citizens Against Government Waste ("CAGW"), a nonprofit District of Columbia corporation exempt from taxation under Section 501(c)(3) of the Internal Revenue Code (collectively referred to hereafter as "Respondents").

Respondents have violated the Federal Election Campaign Act of 1971, as amended ("FECA"), 2 U.S.C. §§ 431 et seq., and related regulations of the Federal Election Commission ("FEC"), 11 C.F.R. §§ 100.1 et seq., by failing to timely register as a candidate for election to federal office, by making and accepting excessive contributions, and by making and accepting prohibited contributions from a corporation.

These violations are set out in detail below and will show clearly Respondents' failure to comply with federal campaign laws. Mr. Keyes began his campaign long before he actually registered as a candidate and began disclosing his activities to the public. He established a "multicandidate committee" that promoted his candidacy during the period between 1988 and 1991. He has taken advantage of his position with a nonprofit corporation to use its staff and facilities to further promote his Senate candidacy. The overlap in staff and resources of Mr. Keyes' various entities form a significant support base for his candidacy -- support that violates the federal campaign laws.

[04005-0001/DA921000.028]

93043505406

FAILURE TO TIMELY REGISTER AS CANDIDATE

Alan Keyes announced publicly his candidacy for the United State Senate in the state of Maryland on November 18, 1991. His statement of candidacy was filed with the Secretary of the Senate on November 5, 1991. Activities undertaken by Mr. Keyes, however, indicate that he was a candidate for this office long before his FEC filing or his public announcement of this fact.

The year-end report filed by the Senate Committee with the Secretary of the Senate by the Senate Committee revealed that the Committee had received contributions totalling \$15,000 by the end of September, two months before Mr. Keyes officially became a candidate. The FECA defines a candidate as an individual who has received contributions and made expenditures in excess of \$5,000. 2 U.S.C. § 431(2). Candidates are required to file a statement of candidacy within 15 days of becoming a candidate 2 U.S.C. § 432(e)(1).

Mr. Keyes will no doubt argue that he was simply testing the waters during this period, to determine whether he should run for the Senate. This argument is unavailing, however, since Mr. Keyes had made the decision long before his Senate Committee became active in 1991. A clear indication of his intent was the committee he established after his unsuccessful Senate race, Campaign For Maryland's Future. This committee was not a new independent committee, but was apparently formed from the remnants of Mr. Keyes' own 1988 Senate campaign committee and took over where that committee left off. Staff of CMF include individuals who were paid by the 1988 Senate race and who are currently working on Mr. Keyes 1992 Senate race. (The same employees, incidentally, were, at the same time, employees of the charitable organization run by Mr. Keyes. See discussion below.)

During the period that Mr. Keyes was ostensibly not a candidate for the U.S. Senate, CMF solicited funds and conducted a direct mail campaign against Senator Barbara Mikulski. CMF then contributed \$5,000 to Mr. Keyes' Senate Committee in August 1991. That the CMF was simply a stalking horse for Mr. Keyes' own Senate campaign is shown in a sample of the committee's direct mail efforts attached to this complaint as Exhibit A. The piece attacks Senator Mikulski and contains such revealing phrases as:

93043505407

- "I [Alan Keyes] believe the number one task before all Republicans in the State of Maryland must be the defeat of United States Senator Barbara Mikulski."
- "Never has the contrast between two individuals been greater - while I work to stop the proposed . . . state tax increase, Barbara is working in [illegible] to increase federal taxes."
- "I know how generous you have been in the past and I deeply appreciate your support."
- "On the heels of our victories last year I believe we are laying the groundwork for an important victory next year. But I need your help now."
- "One of the biggest problems I faced when I ran in 1988 was that my campaign started too late. We must not fall into this same trap."

Despite Mr. Keyes' effort in the letter to disclaim his intention to run for the Senate, these statements (and other similar statements) as well as the subsequent actions of the committee in supporting his campaign, put the lie to this charade. Mr. Keyes was a candidate for the Senate long before November 18, 1991, and his failure to register with the appropriate regulatory agency and report his campaign activity in a timely fashion is a violation of the campaign laws.

#### ACCEPTANCE OF EXCESSIVE CONTRIBUTIONS

As noted above, Mr. Keyes does state in the CMF letter that he has not yet decided to be a candidate for the Senate. He goes on to note, however, that his "chief concern at the moment is to put the pieces in place to defeat Senator Mikulski no matter who runs against her." The efforts of CMF had one apparent purpose - to work toward the election of a Republican candidate and for the defeat of Senator Mikulski.

These efforts must be viewed as contributions and expenditures to influence the outcome of the Senate race, and, therefore, as contributions and expenditures in connection with Mr. Keyes' Senate effort. Taken together with the \$5,000 contribution to Mr. Keyes campaign committee, the receipts and

93043505408

expenditures of the committee far exceed the contribution (both direct and in-kind) limits provided for in the FECA.

This committee was not operating independent of Mr. Keyes or of his Senate race. Mr. Keyes was the principal spokesperson for the committee and controlled its activities. As noted above, employees of the committee were also involved in Mr. Keyes' past and current Senate races. The group was formed, in Mr. Keyes' own words, "because of calls from 'people who wanted to see me remain active' in politics." Exhibit B. The Commission has acknowledged that contributions and expenditures made by a committee to influence the outcome of particular election are contributions and expenditures, subject to limit, **even if** a candidate has not yet been selected in that race. See, e.g., FEC Advisory Opinions 1977-16, 1984-15 and 1985-14.

Mr. Keyes' Senate campaign received the benefit of the activities of CMF and must take account of these activities under the federal campaign laws. These activities result in excessive contributions to his campaign in violation of the FECA.

#### ACCEPTANCE OF CORPORATE CONTRIBUTIONS

Citizens Against Government Waste is a nonprofit corporation organized under the laws of the District of Columbia. It has apparently received tax-exempt status under Section 501(c)(3) of the Internal Revenue Code.<sup>1</sup> As a tax-exempt organization, CAGW is prohibited from participating in any political campaigns on behalf of any candidate for public office. Further, under the FECA, a corporation is prohibited from making any contributions or expenditures in connection with the campaign of a federal candidate. 2 U.S.C. § 441b.

Alan Keyes served as President of CAGW for two years. During this same period, as set out above, he was also engaged in activities to promote his candidacy for the United States

---

<sup>1</sup>A second related D.C. corporation, Council for Citizens Against Government Waste, exempt from taxation under 26 U.S.C. § 501(c)(4), may also be involved in some of the activities described above. The result, however, is the same: prohibited corporate contributions.

93043505409

Senate. At some point, these two roles apparently merged, and CAGW became a vehicle for his senate campaign. As a result, CAGW has made substantial contributions to a federal candidate in violation of the FECA.

This conclusion is not based on mere speculation:

- On the Senate Committee's year-end report, covering the six-month period July 1 through December 31, 1991, a debt of \$2,500 is shown owing to CAGW for "postage, rent, telephone."
- By the pre-primary report filed February 21, 1992, only a month and a half later, the debt had ballooned to \$8,980.92 and also covered "insurance." The Senate Committee had made no payments to CAGW.

The Commission allows a corporation to make its facilities available to a candidate for federal office without making a prohibited corporate contribution, provided the use of the facilities is reimbursed by the campaign at the usual and normal rental charge (not at cost) within a commercially reasonable time. 11 C.F.R. § 114.9(d).<sup>2</sup>

While it is impossible to determine from the FEC report whether the corporation has charged the Senate Campaign at the usual and normal rental charge for the use of its facilities, it is clear that the reimbursement has not been made within a commercially reasonable time. The regulations do not define this term, but common usage would provide a definition that "commercially reasonable time" falls within a range of 30 to 60 days. The Senate Committee has not made reimbursement within this period of time.

The large debt owed to the corporation is not the only indication of the close relationship between the various entities controlled by Mr. Keyes:

---

<sup>2</sup>The fact that such use is permissible under the federal campaign laws does not override the absolute prohibition on political activities by a 501(c)(3) organization. A complaint may also be filed with the Internal Revenue Service to seek an investigation into whether CAGW has violated the provisions of its tax exempt status.

93043505410

- 9 3 0 4 3 5 0 5 4 1 1
- In August 1991, two employees of CAGW contributed \$1,000 each to the Keyes Senate campaign. These same two CAGW employees show up on the Senate Committee's pre-primary report as paid staff (with annual net salaries of \$18,200 and \$17,700).<sup>3</sup> These are the same employees who worked as consultants for Campaign for Maryland's Future.
  - In the press release announcing Mr. Keyes' candidacy for the Senate, the contact telephone number listed was the same as the press office at CAGW. Furthermore, the press release was distributed through an electronic press release service. The campaign has not shown any payments to this service, but CAGW has.
  - In responding to an FEC Request for Additional Information issued to CMF, Robin McElhaney, CMF's Treasurer (and an employee of CAGW and Mr. Keyes' 1992 Senate campaign) stated that the committee had virtually no administrative expenses (such as rent, telephones, etc.) because "all activities are conducted in space provided by supporters of [CMF] on a rent-free and volunteer basis." She then gave as her contact telephone number, the number of CAGW corporate offices.
  - A campaign solicitation was sent to CAGW contributors, apparently using CAGW's mailing list. The letter, attached as Exhibit C, states, among other references to CAGW: "I know in the past that you have generously supported CAGW with contributions of \$20 or more. Can I ask you to accept my invitation to join my Keyes National Steering Committee and send a contribution of \$30?" and "I want you to know I am not writing to

---

<sup>3</sup>One of the same employees was also reimbursed by the campaign for \$586.50 and \$960.04 in campaign expenses. Because she had already contributed \$1,000 toward Mr. Keyes' primary election prior to these reimbursements, these advances constituted excessive contributions by the employee to the campaign during the period that they remained unreimbursed. 11 C.F.R. § 116.5.

everyone who has ever expressed a concern about government waste. Because my campaign resources are limited I had to choose those individuals I felt were my best friends and supporters."

- In October 1991, one month before Mr. Keyes announced his candidacy, but after he had begun raising substantial amounts of money toward his Senate campaign, CCAGW paid for Mr. Keyes to travel around under the guise of promoting Taxpayer Action Day, held in 1991 on October 19, barely two weeks before Mr. Keyes formally filed as a Senate candidate.

#### REPORTING VIOLATIONS

Mr. Keyes' FEC reports for his Senate campaign reveal a striking number of large contributors for whom he was unable to provide the required information on occupation and employer. This is despite, in some cases, the receipt of the contribution four to five months before the report was due to be filed. This may have something to do with the fact that many of Mr. Keyes' large contributors are not from Maryland: on the year-end report, out of 23 contributors of \$200 or more, only eight were from Maryland. Four of the eight were individuals employed by CAGW or associated with the campaign's direct mail company. On the pre-primary report this is even more striking: of 60 contributors of \$200 or more, only two are from Maryland.

#### CONCLUSION

The facts set out above detail the remarkable overlap between the various organizations that Mr. Keyes has at one time or another been in control of. He has taken full advantage of his position with these groups to promote his Senate candidacy in violation of the federal campaign laws. This should not be allowed to continue. The FECA was enacted to ensure that funds used to influence a federal election were from lawful sources and were properly and timely disclosed to the public to allow for a reasoned and informed decision in the election. Mr. Keyes does not seem to want to play by the same rules that govern other candidates.

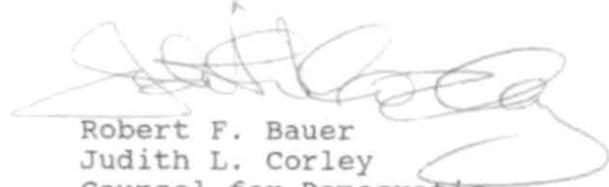
Mr. Keyes can hardly claim lack of knowledge of the federal campaign laws, since he was a candidate under the same

93043505412

Federal Election Commission  
July 2, 1992  
Page 8

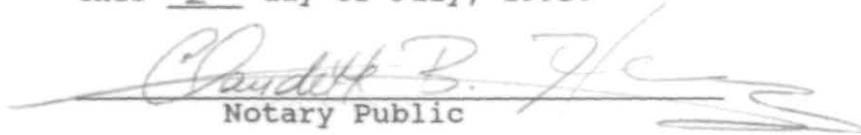
statutes before. The Commission must investigate the facts set out above as quickly as possible and take all steps necessary, including the imposition of civil penalties, to ensure that the violations do not occur again.

Very truly yours,



Robert F. Bauer  
Judith L. Corley  
Counsel for Democratic  
Senatorial Campaign Committee

Subscribed and Sworn to before me  
this 2<sup>nd</sup> day of July, 1992.



Notary Public

My Commission Expires:

6/30/93

93043505413

# Alan L. Keyes

## Road Map to Victory in '92

Campaign for Maryland's Future  
Post Office Box 13660 - Silver Spring, Maryland 20911

Dear Friend:

I want to share with you some important poll results and ask you to join me today in preparing a road map to victory in 1992.

I believe the number one task before all Republicans in the State of Maryland must be the defeat of United States Senator Barbara Mikulski.

She has been a disaster for our state and our nation. On every critical vote in which she had to choose between the special interests and the interests of the hardworking taxpayers of Maryland, she has voted against us.

It's not what politicians say that count, it's what they do which matters. Barbara Mikulski talks a lot about her concern for Marylanders but when she walks in the doors of the Senate it is an entirely different story.

Never has a Senator from Maryland demonstrated less concern for the plight of working men and women of our state or has been farther out of touch with their opinions and wishes.

In the face of Saddam Hussein's ruthless aggression, she voted against stopping him. At a critical moment when we needed to show we were united in support for our President and our troops, Barbara went the other way.

Her historic vote against stopping Saddam Hussein is just another in a long record of votes for appeasement and weakness. Barbara's failure to understand that we must be strong because we live in a dangerous world is a threat to our safety and security.

But what's even worse is that Barbara's love of big government has blinded her to the harm she is doing to average families in Maryland.

Because of her consistent votes for higher taxes and more wasteful spending, you and I and every other family today must turn over more and more of our hard earned income in taxes.

She has been one of the principle proponents of raising our taxes, leaving less and less for the necessities of life.

Do you realize that with Senator Mikulski's support of increased taxes without deficit reduction, today over 71% of all Marylanders have no disposable income after they pay their taxes?

That is so important let me repeat it. After paying their taxes and providing for food, transportation, clothing and shelter over 70% of all Marylanders have no money left over.

Barbara Mikulski is fond of standing before working citizens and proclaiming herself to be their friend but the simple fact is that she is the biggest threat to making a decent living and to our way of life.

In her unrelenting pursuit of her dreams of big government she is destroying our ability to pursue our dreams.

Never has the contrast between two individuals been greater -- as I work to stop the proposed Schaefer/Linowes \$807 million state tax increase, Barbara is working in ~~Washington~~ to increase federal taxes.

If you have any doubts about what I am saying about Barbara's love of high taxes and big government and her contempt for the average citizen I want you to consider her opposition to HUD Secretary Jack Kemp's very successful program to turn the ownership and management of public housing over to the residents.

Time and time again we have seen that when people have the opportunity to invest in their own future, purchase and manage the places where they live, it is a tremendous success. Housing and Urban Development Secretary Jack Kemp is working to give the residents of public housing an opportunity to purchase their homes and take control over their future.

His program has been one of the few unqualified successes in government. The pilot programs all across the country have proven again and again that as the residents assume responsibility, their standard of living increases and problems of drugs and crime decrease sharply. What's more, when fully implemented this program will save taxpayers billions of dollars.

But despite its overwhelming success, Barbara feels it is better to keep these people wards of the state where government can control their destiny and she has been one of the chief opponents of Secretary Kemp.

It is a repeating pattern with Senator Mikulski. Whether it's taxes or public policy if she must decide who should benefit and who should be penalized she always favors the government at the expense of individual citizens.

More than just her support for appeasement and support for ever higher taxes and big government, I believe her distrust and outright contempt for hard working families makes her vulnerable to defeat.

If you doubt for even a second that Barbara Mikulski can be

23743505415

defeated let me share with you the most important finding of a recent professional public opinion poll of all Maryland voters.

When asked whether they would vote to re-elect Barbara Mikulski only 44% of the voters said that they would. Let me put that in perspective for you. Normally, an incumbent is considered by the professionals to be "vulnerable" if the number of people who support the re-election of the incumbent falls below 60%.

Barbara is already 16% below where she should be. She has done such a poor job and is so far out of touch with the people of Maryland she is on the run. Clearly we can beat her, but we must keep her on the run. However, she is not stupid and she knows she is in trouble.

With the growing anti-incumbency, anti-appeasement, anti-tax, anti-Mikulski sentiment growing in Maryland, she is already hard at work building her re-election campaign.

Already she has solicited and accepted over \$500,000, most of it from special interests. She is already well ahead of any potential Republican opponent.

We cannot let her continue to build her lead. Even before we, as a Party, decide who will run and who will be our candidate against her we must start now to put the pieces in place for Senator Mikulski's defeat -- for whoever is the candidate.

And that is why I am writing you today. I want to ask you to help me prepare a Road Map to Victory in 1992.

Before I explain the Road Map I need your help in charting, very plainly that I have not yet decided whether or not I will be a candidate for Senate this year. My chief concern at the moment is to put the pieces in place to defeat Senator Mikulski no matter who runs against her.

Here's what I feel we must do. First, we must identify those precincts and neighborhoods in the state where our Republican message of Peace through Strength and opportunity through less taxes and spending has not yet been heard.

To pinpoint our strengths and weaknesses we must conduct a comprehensive public opinion poll. This extraordinarily important poll can become our Road Map to Victory in 1992. But I need your help. A comprehensive/benchmark poll will cost nearly \$35,000.

Will you make a special contribution today to help launch our Republican opposition to Senator Mikulski? I've carefully calculated how much I need you to send if we are going to afford this important Survey and I've entered this amount on the enclosed reply memorandum. Please make every effort possible to send this full amount.

# Road Map to Victory in '92

Campaign for Maryland's Future  
Post Office Box 13660 - Silver Spring, Maryland 20911

## A Reply to Alan Keyes

0102

Dear Alan:

I fully agree with you that the Number One political objective for Maryland Republicans must be the defeat of Barbara Mikulski.

She has been a disaster for our nation and the citizens of this State. Her vote against supporting President Bush and our troops in the Middle East is inexcusable. And while you have been fighting higher taxes and wasteful government spending, she has been an aggressive proponent of raising our taxes and more big government.

We cannot let Senator Mikulski get too much of a head start. The polls show she is in trouble and we must start laying the groundwork for defeating her right away. I want to help you conduct this vital poll which will become our Road Map to Victory in 1992. Enclosed is my contribution in the amount indicated below:

\$15

\$20

\$\_\_\_\_\_ Other

\_\_\_\_\_  
Signature

Please make check payable to Campaign for Maryland's Future.

Contributions to CMF are not tax deductible for federal income tax purposes. Paid for by Campaign for Maryland's Future.

93043505417

I know how generous you have been in the past and I deeply appreciate your support. I only hope you share my very strong conviction that Senator Mikulski must be retired from the Senate before she can do any more damage.

On the heels of our victories last year I believe we are laying the ground work for an important victory next year. But I need your help now.

Please let me hear from you right away and I know you'll be as generous as you can. Thanking you in advance.

Sincerely,



Alan L. Reyes

ALK/jmg

P.S. One of the biggest problems I faced when I ran in 1988 was that my campaign started too late. We must not fall into this same trap. Every day we delay gives Senator Mikulski time to repair the damage she has done to her chances and gives her an opportunity to build a lead. Please join me now in preparing our Road Map to Victory in 1992 by sending your most generous contribution possible. Thank you.

93043505418



DOCUMENT- 1 OF 1 PAGE - 1 OF 4  
ACCESS # 890711-0047.

HEADLINE Quayle, in Maryland, Finds Inspiration in the Orioles  
Vice President Visits Bethesda Fund-Raiser

---  
BY Robert Barnes  
Washington Post Staff Writer

DATE 07/11/89  
SOURCE WASHINGTON POST (WP), PAGE 06; METRO

Vice President Quayle slipped up Wisconsin Avenue and into Maryland last night to remind the state's sometimes beleaguered Republicans of the Baltimore Orioles.

Last place last year, first place this year. "As the Orioles continue to rise, so shall the Republican Party in the state of Maryland," Quayle told GOP faithful gathered at the Bethesda Marriott.

There's wasn't much more than that -- Quayle didn't stay much more than a half hour -- but it encouraged the small crowd of Republicans. President Bush and Quayle won the state by 2 percentage points last year in what was considered an upset because of the state's overwhelmingly Democratic voter

registration.  
The event was the opening fund-raiser for a political action committee called Campaign for Maryland's Future, headed by former U.S. Senate candidate Alan L. Keyes. Keyes describes the group as a "grassroots" effort to raise money for local and state GOP candidates, although the ticket prices -- about 30 people paid \$500 for a private reception and 150 people paid \$100 for the larger party -- were upscale.

Keyes said the political action committee was formed because of calls from "people who wanted to see me remain active" in politics. Keyes, a last-minute candidate who lost to U.S. Sen. Paul S. Sarbanes in a lopsided vote last fall, was nevertheless thought to be a charismatic speaker with a future.

Keyes said that his future won't include a campaign against Democratic Gov. William Donald Schaefer in 1990, and Republicans appear to be without strong candidates to challenge any of the Democrats who hold the four elected state offices.

Some in the party are beginning to conclude that it is better to try to build the party through county council and legislative victories than by running for the top posts. "We

93043505419

should worry less about the top of the pyramid and worry more about building the base," said Michael Burns, executive director of the state Republican Party.

That is an area where, despite the anemic numbers of Republicans in the General Assembly and on county councils, Republicans hold hope. Even Democrats acknowledge the gains the GOP is making in the high-growth suburban counties of Montgomery, Howard and Anne Arundel.

"We've started the most extensive effort to find candidates that we've ever had," said Del. Ellen R. Sauerbrey (Baltimore County), House of Delegates Republican leader.

Keyes said Republican victories in presidential years -- Reagan carried the state in 1984 -- should mean that Republicans can win more local contests.

He called last night's contributors "charter members" of the party's future successes.

But the party still has substantial problems. A number of party leaders are worried about the financial prowess of the state's new Democratic Party Chairman, Nathan Landow, who said he raised \$250,000 for the 1990 campaigns at a black-tie dinner last month.

And the divisions in the party remain. Party Chairman Daniel Fleming was not at last night's reception, and neither was Rep. Constance A. Morella, even though the event was in her district.

Sauerbrey said one of the advantages of Keyes' political action committee was to appeal to those turned off by the infighting within the party.

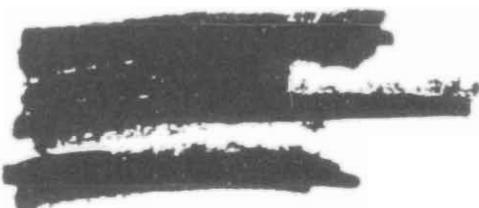
"With the dissension that we all know about in the party, Alan's PAC effectively gives an opportunity for people who are skeptical of giving to the party," she said.

End of Story Reached

23043505420

# AMB. ALAN L. KEYES

050616



In a moment I am going to invite you to join me in the most important public service I have ever undertaken.

But first I want to take a personal moment to salute you and give you my heartfelt thanks.

Two years ago, when Peter Grace called and asked me to become the new President of Citizens Against Government Waste I dropped what I was doing and accepted because I was deeply concerned that America was headed down the road to financial ruin.

Since that time, CAGW has played the leading role in Washington in holding back a flood of reckless wasteful spending. Even more significantly, CCAGW has lobbied for and won a number of truly stunning legislative victories which are saving Americans tens of billions of dollars.

Ultimately those savings have resulted in keeping the deficit and taxes lower than they would otherwise have been.

But what I am most proud of since I joined CAGW is the dramatic shift we helped to create in public attitudes towards wasteful spending, taxes and the deficit.

Two years ago, when I first wrote to you as the new President of CAGW, the polls showed that most Americans dismissed the importance of fighting government waste and few understood how the deficit is a direct threat to their financial security.

Over the past two years we have led the way, blowing the whistle on waste and unnecessary taxes, publicizing the dangers of the deficit and exposing the massive government waste and those responsible.

With your steadfast support we have orchestrated a rapidly growing cry from Americans who want a change. Many have credited CAGW as being the fuel behind the anti-incumbency movement which is now sweeping America.

9304355421

I want to show how when we make our case for opportunity and growth we can and will win. I want to take Barbara Mikulski and her reckless spending to task in 1992 and I want other candidates to duplicate our success in state after state in 1994.

By taking on and defeating one of the worst/toughest big spenders, it will send a powerful message -- a message which I hope many others will duplicate in coming years. But first I need your help.

I know in the past that you have generously supported CAGW with contributions of \$20 or more. Can I ask you to accept my invitation to join my Keyes National Steering Committee and send a contribution of \$30?

Your support right now could not be more critical. If there is any way you can send \$30 it would mean I could definitely afford the first wave of television media which is so important to my campaign.

The TV ads I am asking you to help me buy are particularly critical because with them I will define the issues in this campaign. As long as we control the agenda in this campaign we will win. But to control that agenda I need your support. Please join my campaign today.

If you send your acceptance and contribution today you will be able to turn on your television on election night and take personal pride in having played an early and indispensable role in winning the Maryland Senate race.

This is the one race in which an investment by you now can create an enormous victory for the future. Please don't put my letter aside. America is in trouble and we all are being called on right now to do what we can. I'll be your candidate but I need your 100% support. I hope to hear from you right away.

I want you to know I am not writing to everyone who has ever expressed a concern about government waste. Because my campaign resources are limited I had to choose those individuals I felt were my best friends and supporters.

If you postpone or fail to answer it will be a set back. This is one of the few times when I am asking for 100%. Your answer today is that important.

..Sincerely



*Alan Keyes*

*United States Sena*

**Keyes National Steering Committee  
ACCEPTANCE**

Dear Alan

I accept your invitation to join the Keyes National Steering Committee

We need an outspoken leader in the U.S. Senate who will force Congress to deal with the fact that they are bankrupting America and who will build enduring coalition against those whose reckless wasteful overspending is doing so much damage.

What's more if you defeat Barbara Mikulski, one of the principle advocates of higher taxes and wasteful spending, it will be a great service to all Americans.

I understand how heavily you are counting on my support. Enclosed is a maximum membership contribution in the amount indicated below:

/ /\$20    / /\$30    / /\$\_\_\_\_\_other

9 3 0 4 3 5 0 5 4 2 3

*Alan Key*  
Alan Key

P.S. I know that with your support right now I can win. But I need your support now. I am convinced I can win because I am carrying a message which the American people very much want in office. But I need your help right away. Please let me hear from you very soon.

93043505424



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

July 10, 1992

Robert F. Bauer, Esquire  
Judith L. Corley, Esquire  
Perkins Coie  
607 14th Street, NW  
Washington, DC 20005

RE: MUR 3555

Dear Ms. Corley:

This letter acknowledges receipt on July 6, 1992, of your complaint on behalf of the Democratic Senatorial Campaign Committee alleging possible violations of the Federal Election Campaign Act of 1971, as amended ("the Act"), by Alan L. Keyes, Alan Keyes for U.S. Senate, and Robin Y. McElhanev, as treasurer, Campaign for Maryland's Future (FKA Alan Keyes for Senate) and Citizens Against Government Waste. The respondents will be notified of this complaint within five days.

You will be notified as soon as the Federal Election Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to the Office of the General Counsel. Such information must be sworn to in the same manner as the original complaint. We have numbered this matter MUR 3555. Please refer to this number in all future correspondence. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Teresa A. Hennessy  
Assistant General Counsel

Enclosure  
Procedures

cc: Democratic Senatorial Campaign Committee

93043505425



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

July 10, 1992

Alan L. Keyes  
13533 Scottish Autumn Lane  
Darnestown, MD 20878

RE: MUR 3555

Dear Mr. Keyes:

The Federal Election Commission received a complaint which indicates that you may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 3555. Please refer to this number in all future correspondence.

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

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

93043505426

Alan L. Keyes  
Page 2

If you have any questions, please contact Richard Denholm II, the attorney assigned to this matter, at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,

*Teresa A. Hennessy*

Teresa A. Hennessy  
Assistant General Counsel

Enclosures

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

93043505427



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

July 10, 1992

Alan Keyes for U.S. Senate  
Robin Y. McElhaney, Treasurer  
11777 Parklawn Drive  
Rockville, MD 20852

RE: MUR 3555

Dear Mr. McElhaney:

The Federal Election Commission received a complaint which indicates that Alan Keyes for U.S. Senate ("Committee") and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 3555. Please refer to this number in all future correspondence.

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

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

93043505428

Alan Keyes for U.S. Senate  
Robin Y. McElhaney, Treasurer  
Page 2

If you have any questions, please contact Richard Denholm II, the attorney assigned to this matter, at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,

*Teresa A. Hennessy*

Teresa A. Hennessy  
Assistant General Counsel

Enclosures

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

cc: Alan L. Keyes

93043505429



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

July 10, 1992

Campaign for Maryland's Future  
(FKA Alan Keyes for Senate)  
Robin Y. McElhaney, Treasurer  
P.O. Box 13360  
Silver Spring, MD 20911

RE: MUR 3555

Dear Mr. McElhaney:

the federal election commission received a complaint which indicates that the Campaign for Maryland's Future (FKA Alan Keyes for Senate ("Committee")) and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 3555. Please refer to this number in all future correspondence.

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

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

93043505430

Campaign for Maryland's Future  
(FKA Alan Keyes for Senate)  
Robin Y. McElhaney, Treasurer  
Page 2

If you have any questions, please contact Richard Denholm II, the attorney assigned to this matter, at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,



Teresa A. Hennessy  
Assistant General Counsel

Enclosures

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

93043505431



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

July 10, 1992

Citizens Against Government Waste  
1301 Connecticut Avenue, NW  
Washington, DC 20036

RE: MUR 3555

Dear Gentlemen:

The Federal Election Commission received a complaint which indicates that Citizens Against Government Waste ("Committee") may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 3555. Please refer to this number in all future correspondence.

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

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

93043505432

Citizens Against Government Waste  
Page 2

If you have any questions, please contact Richard Denholm II, the attorney assigned to this matter, at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,



Teresa A. Hennessy  
Assistant General Counsel

Enclosures

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

93043505433

06C5289

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
MAIL ROOM

LAW OFFICES  
**MCKENNA & CUNEO**

1575 EYE STREET, N.W.  
WASHINGTON, D. C. 20005  
(202) 789-7500

CABLE ADDRESS: MCKENCONN WASHDC  
TELEX (TWX) 710-622-0149  
FAX (202) 789-7594

JUL 24 9 47 AM '92

SUITE 600  
303 EAST SEVENTEENTH AVENUE  
DENVER, COLORADO 80203  
(303) 830-0700

BRUSSELS  
AVENUE LOUISE 287, BOX 7  
B-1050 BRUSSELS  
BELGIUM  
DII (322) 646-4910

LOS ANGELES  
444 SOUTH FLOWER STREET  
LOS ANGELES, CALIFORNIA 90071  
(213) 688-1000

SAN FRANCISCO  
STUART STREET TOWER  
ONE MARKET PLAZA  
SAN FRANCISCO, CALIFORNIA 94105  
(415) 267-4000

SAN DIEGO  
SUITE 2800, SYMPHONY TOWERS  
750 B STREET  
SAN DIEGO, CALIFORNIA 92101  
(619) 595-5400

July 23, 1992

JEFFREY P. ALTMAN  
DIRECT DIAL (202) 789-7520

Hand Delivered

Richard Denholm, II, Esq.  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

Re: MUR 3555

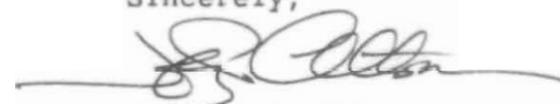
Dear Mr. Denholm:

I am writing to you on behalf of Citizens Against Government Waste ("CAGW"). A signed statement designating me as counsel is enclosed.

The Federal Election Commission's letter dated July 10, 1992 and enclosed complaint were received by CAGW on July 13, 1992. Accordingly, CAGW's written response is currently due on July 28, 1992. As we discussed this past Tuesday, CAGW respectfully requests a twenty (20) day extension of time until August 17, 1992 in which to submit its response. This extra time is needed for CAGW to review its records and to obtain information from third parties necessary to prepare a thorough and comprehensive response to the complaint.

Your prompt decision on this request would be appreciated so that we may schedule our activities.

Sincerely,



Jeffrey P. Altman

Enclosures

cc: Thomas A. Schatz

93043505434

92 JUL 24 PM 3:19  
RECEIVED  
FEDERAL ELECTION COMMISSION  
OFFICE OF THE FEDERAL COUNSEL

STATEMENT OF DESIGNATION OF COUNSEL

MUR 3555

NAME OF COUNSEL: Jeffrey P. Altman, Esq.

ADDRESS: McKenna & Cuneo

1575 Eye Street, N.W.

Washington, D.C. 20005

TELEPHONE: 202/ 789-7520

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.

Date 7/13/92

Thomas A. Schatz  
Signature

RESPONDENT'S NAME: Thomas A. Schatz

ADDRESS: Citizens Against Government Waste

1301 Connecticut Avenue, N.W., Suite 400

Washington, D.C. 20036

HOME PHONE: 202/543-2028

BUSINESS PHONE: 202/467-5300

93043505435



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

July 27, 1992

Mr. Jeffrey P. Altman, Esquire  
McKenna & Cuneo  
1575 Eye Street, N.W.  
Washington, D.C. 20005

RE: MUR 3555

Dear Mr. Altman:

This is in response to your letter dated July 23, 1992, which we received on July 24, 1992, requesting an extension of 20 days until August 17, 1992 to respond to notification that a complaint had been received regarding Citizens Against Government Waste. After considering the circumstances presented in your letter, the Office of the General Counsel has granted the requested extension. Accordingly, your response is due by the close of business on August 17, 1992.

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

A handwritten signature in cursive script, appearing to read "Richard M. Denholm II".

Richard M. Denholm II  
Attorney

93043505436

# Campaign for Maryland's Future

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
MAIL ROOM

JUL 29 11 14 AM '92

Alan L. Keyes  
Chairman

July 28, 1992

Ms. Teresa A. Hennessy  
Assistant General Counsel  
Federal Election Commission  
Washington, DC 20463

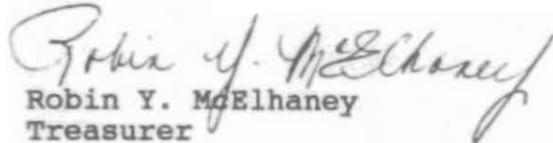
RECEIVED  
FEDERAL ELECTION COMMISSION  
92 JUL 29 PM 3:31

Dear Ms. Hennessy:

As the treasurer of the Campaign for Maryland's Future (CMF) PAC, I would like to request an extension of the time allotted to respond to complaint number MUR 3555. CMF is not a large organization and has had little activity in past months. More time is needed to gather information to answer this complaint.

Thank you for your consideration of this request. I can be reached in the evenings at (301) 856-1678 or during the day at (301) 770-7100.

Sincerely,

  
Robin Y. McElhaney  
Treasurer

93043505437



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

August 5, 1992

Robin Y. McElhaney, Treasurer  
Campaign for Maryland's Future  
P.O. Box 13360  
Silver Spring, MD 20911

RE: MUR 3555  
Campaign for Maryland's  
Future and Robin Y.  
McElhaney, as treasurer

Dear Ms. McElhaney:

This is in response to your letters dated July 28, and August 5, 1992, which we received on July 29, and August 5, 1992, respectively, requesting an extension until September 1, 1992 to respond to the complaint. After considering the circumstances presented in your letters, the Office of the General Counsel has granted the Campaign for Maryland's Future and you, as treasurer, an extension until August 24, 1992. Accordingly, your response is due by the close of business on August 24, 1992.

If you have any questions, please contact me at (202) 219-3400.

Sincerely,

Richard Denholm II  
Attorney

9 3 0 4 3 5 0 5 4 3 8

# Keyes U.S. SENATE

July 22, 1992

Ms. Teresa A. Hennessy  
Assistant General Counsel  
Federal Election Commission  
Washington, DC 20463

Dear Ms. Hennessy:

The Alan Keyes for U.S. Senate Campaign is in the process of reviewing complaint number MUR 3555 with possible counsel. Due to the approaching Republican National Convention and the fact that most of the campaign staff will be involved in convention activities, I respectfully request an extension date of September 1, 1992.

Thank you for your consideration of this request. I can be reached at (301) 770-7100.

Sincerely,

  
Robin Y. McElhaney  
Treasurer

RECEIVED  
OFFICE OF THE  
FEDERAL ELECTION COMMISSION  
92 JUL 29 PM 3:37

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
MAIL ROOM  
JUL 29 11 11 AM '92

11777 Parklawn Drive, Rockville, MD 20852  
1-301-770-7100 or 1-800-MD4-ALAN

PAID FOR BY ALAN KEYES FOR U.S. SENATE

93043505439



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

August 3, 1992

Robin Y. McElhaney, Treasurer  
Alan Keyes for U.S. Senate  
11777 Parklawn Drive  
Rockville, MD 20852

RE: MUR 3555  
Alan Keyes for U.S. Senate  
and Robin Y. McElhaney, as  
treasurer

Dear Ms. McElhaney:

This is in response to your letter dated July 22, 1992, which we received on July 29, 1992, requesting an extension until September 1, 1992 to respond to the complaint. After considering the circumstances presented in your letter, the Office of the General Counsel has granted Alan Keyes for U.S. Senate and you, as treasurer, an extension until August 24, 1992. Accordingly, your response is due by the close of business on August 24, 1992.

If you have any questions, please contact me at (202) 219-3400.

Sincerely,

A handwritten signature in cursive script, which appears to read "Richard Denholm II", is written over a horizontal line.

Richard Denholm II  
Attorney

93043505440

# Keyes U.S. SENATE

RECEIVED  
FEDERAL ELECTION COMMISSION  
OFFICE OF LEGAL COUNSEL  
AUG 6 3:49 PM '92

RECEIVED  
FEDERAL ELECTION COMMISSION  
MAIL ROOM  
AUG 6 12:47 PM '92

FAXED 8/5/92

August 4, 1992

Ms. Tammy Kapper  
Paralegal  
Federal Election Commission  
Washington, D.C. 20463

Dear Ms. Kapper:

Pursuant to our telephone conversation of last week with respect to complaint number MUR 3555, we have not yet retained legal counsel. If and when we decide to retain counsel, we will notify you in writing. In the meantime, please continue to address all correspondence to the Alan Keyes for U.S. Senate campaign in the Rockville office.

We are still anticipating the need for a September 1st extension for replying to the initial complaint. If you need additional information, please do not hesitate to call.

Thank you.

Sincerely,

*Robin Y. McElhaney*  
Robin Y. McElhaney  
Treasurer

93043505441

# Campaign for Maryland's Future

Alan L. Keyes  
Chairman

FAXED 8/5/92

August 5, 1992

RECEIVED  
FEDERAL ELECTION COMMISSION  
OFFICE  
92 AUG -6 PM 3:49

Ms. Tammy Kapper  
Paralegal  
Federal Election Commission  
Washington, D.C. 20463

Dear Ms. Kapper:

Pursuant to our telephone conversation of last week with respect to complaint number MUR 3555, I would like to request a September 1st extension to respond to the complaint.

Thank you for your assistance in this matter. If you need additional information, please do not hesitate to call.

Sincerely,

  
Robin Y. McElhaney  
Treasurer

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
MAIL ROOM  
Aug 6 12 48 PM '92

93043505442

OGC 6045

RECEIVED  
FEDERAL ELECTION COMMISSION  
OFFICE OF GENERAL COUNSEL

LAW OFFICES  
**MCKENNA & CUNEO**  
1575 EYE STREET, N.W.  
WASHINGTON, D. C. 20005  
(202) 789-7500

92 AUG 10 PM 2:28

DENVER  
SUITE 800  
303 EAST SEVENTEENTH AVENUE  
DENVER, COLORADO 80203  
(303) 830-0700

LOS ANGELES  
444 SOUTH FLOWER STREET  
LOS ANGELES, CALIFORNIA 90071  
(213) 688-1000

SAN FRANCISCO  
STUART STREET TOWER  
ONE MARKET PLAZA  
SAN FRANCISCO, CALIFORNIA 94105  
(415) 267-4000

SAN DIEGO  
SUITE 2800, SYMPHONY TOWERS  
750 B STREET  
SAN DIEGO, CALIFORNIA 92101  
(619) 595-5400

CABLE ADDRESS: MCKENCONN WASHDC  
TELEX (TWX) 710-822-0149  
FAX (202) 789-7594

BRUSSELS  
AVENUE LOUISE 287, BOX 7  
B-1050 BRUSSELS  
BELGIUM  
011 (322) 646-4910

August 10, 1992

JEFFREY P. ALTMAN  
DIRECT DIAL (202) 789-7520

Hand Delivered

Richard Denholm, II, Esq.  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

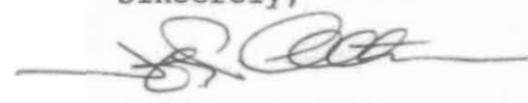
Re: MUR 3555

Dear Mr. Denholm:

As we discussed this morning, Citizens Against Government Waste ("CAGW") respectfully requests an additional seven (7) day extension of time until August 24, 1992 in which to submit its written response to the complaint. As you are aware, CAGW was previously granted a twenty (20) day extension of time and its response is currently due on August 17, 1992. The extra time is needed for CAGW to consult with additional legal counsel and to finalize its response.

Your prompt decision on this request would be appreciated so that we may schedule our activities.

Sincerely,



Jeffrey P. Altman

Enclosures

cc: Thomas A. Schatz

93043505443



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

August 11, 1992

Mr. Jeffrey P. Altman, Esquire  
McKenna & Cuneo  
1575 Eye Street, N.W.  
Washington, D.C. 20005

RE: MUR 3555

Dear Mr. Altman:

This is in response to your letter dated August 10, 1992, which we received on August 10, 1992, requesting an additional extension of 7 days until August 24, 1992 to respond to notification that a complaint had been received regarding Citizens Against Government Waste. After considering the circumstances presented in your letter, the Office of the General Counsel has granted the requested extension. Accordingly, your response is due by the close of business on August 24, 1992.

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

A handwritten signature in cursive script that reads "Richard M. Denholm II".

Richard M. Denholm II  
Attorney

93043505444

OGC 6151

LAW OFFICES  
MCKENNA & CUNEO

1575 EYE STREET, N.W.  
WASHINGTON, D. C. 20005  
(202) 789-7500

CABLE ADDRESS: MCKENCONN WASHDC  
TELEX (TWX) 710-822-0149  
FAX (202) 789-7594

LOS ANGELES  
444 SOUTH FLOWER STREET  
LOS ANGELES, CALIFORNIA 90071  
(213) 888-1000

SAN FRANCISCO  
STEUART STREET TOWER  
ONE MARKET PLAZA  
SAN FRANCISCO, CALIFORNIA 94105  
(415) 267-4000

SAN DIEGO  
SUITE 2800, SYMPHONY TOWERS  
750 B STREET  
SAN DIEGO, CALIFORNIA 92101  
(619) 595-5400

DENVER  
SUITE 800  
303 EAST SEVENTEENTH AVENUE  
DENVER, COLORADO 80203  
(303) 830-0700

BRUSSELS  
AVENUE LOUISE 287, BOX 7  
B-1050 BRUSSELS  
BELGIUM  
011 (322) 646-4910

August 19, 1992

JEFFREY P. ALTMAN  
DIRECT DIAL (202) 789-7520

Hand Delivered

Richard Denholm, II, Esq.  
Federal Election Commission  
999 E Street, N.E.  
Washington, D.C. 20463

Re: MUR 3555

Dear Mr. Denholm:

I am writing to you on behalf of Citizens Against Government Waste ("CAGW") to request an additional eleven (11) day extension of time until September 4, 1992 in which to respond to the complaint.

By way of background, the Federal Election Commission's letter dated July 10, 1992 and enclosed complaint were received by CAGW on July 13, 1992. Accordingly, CAGW's written response originally was due on July 28, 1992. In response to my two earlier written requests, this due date was previously extended until August 24, 1992.

The primary reasons for the additional extension are as follows:

1. It has required more time than expected to research the legal issues and gather the facts necessary to respond fully to the complaint.
2. CAGW is trying to obtain information and supporting letters from third parties that it hopes to include as part of its response.
3. CAGW has recently decided to retain additional co-counsel, David M. Ifshin, Esq., of the law firm of Ross & Hardies, to help represent it in this matter. The additional extension is needed so that co-counsel

93043505445

Richard Denholm, II, Esq.  
August 19, 1992  
Page Two

will have sufficient time to familiarize himself with the allegations and to participate fully in the preparation of the response.

It should be pointed out that there is no immediate threat to the public interest from permitting this brief additional extension. Mr. Keyes and the three other individuals cited in the complaint are no longer employed by CAGW. In addition, although CAGW does not think that there is any reason to believe that the complaint sets forth a possible violation of the law, certain actions have been taken at the direction of the CAGW Board of Directors to address questions raised by the complaint. These actions will be explained in CAGW's written response.

For the reasons set forth above, CAGW respectfully requests that this extension be granted.

Sincerely,



Jeffrey P. Altman

cc: Thomas A. Schatz  
David M. Ifshin, Esq.

93043505446

06C# 6188

# Campaign for Maryland's Future

Alan L. Keyes  
Chairman

August 24, 1992

Richard Denholm  
Attorney  
Office of the General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, DC 20463

RECEIVED  
FEDERAL ELECTION COMMISSION  
OFFICE  
92 AUG 25 AM 8:50

Dear Mr. Denholm:

In response to complaint # MUR 3555, the charges against the Alan Keyes for U.S. Senate Committee, in connection with the Campaign for Maryland's Future (CMF) Political Action Committee, are not valid.

CMF was formed from the 1988 Alan Keyes for U.S. Senate Committee for the specific purpose of assisting local, state, and federal candidates. CMF has a strong record of doing just that. During the 1990 election cycle, CMF contributed to candidates running for the State Senate, House of Delegates, Governor, Lt. Governor, and for the U.S. Congress. In 1991 CMF qualified as a federal multi-candidate PAC giving to over five races for federal office, including the Testing the Waters Committee for Alan Keyes for U.S. Senate. This is the only contribution CMF has given to Alan Keyes and no other activities have been done on his behalf. Therefore CMF has not surpassed the legal campaign contribution limit set by the FEC.

The criteria set for candidates receiving contributions from CMF is issue oriented. Incumbents are also targeted for defeat on the same issues. An example of this was in 1990, Governor William Donald Shaefer was targeted for defeat because of his record on taxes and government waste. CMF, in early 1991, similarly targeted Senator Barbara Mikulski for defeat because of her record on taxes and government waste. This was done long before Alan Keyes even thought about running against her. The letter that is in question (exhibit A of the complaint) was sent in April of 1991. Alan Keyes did not even enter the testing the waters phase until July of 1991.

Although Alan Keyes is the Chairman of CMF, all campaign activities are kept completely separate. CMF is an on-going PAC that will continue to help local, state and federal candidates in 1992, 1994 and beyond.

Sincerely,  
  
Robin Y. McElhanev  
Treasurer

93043505447

06046189

# Keyes U.S. SENATE

August 24, 1992

Richard Denholm  
Attorney  
Office of the General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, DC 20463

92 AUG 25 AM 8:58

RECEIVED  
FEDERAL ELECTION COMMISSION  
OFFICE

Dear Mr. Denholm:

This letter is in response to complaint # MUR 3555. Each allegation made by the Democratic Senatorial Campaign Committee has no basis in truth. All FEC rules and regulations were followed by the Alan Keyes for Senate Campaign. This complaint was solely politically motivated for purposes of bad publicity which was evident in the fact that The Baltimore Sun received a copy of this complaint before the FEC did.

**FAILURE TO TIMELY REGISTER AS A CANDIDATE**

The first charge was failure to timely register as a candidate. Alan Keyes officially filed on November 5, 1992 and announced his candidacy on November 18, 1992. His final decision to run for office was made on October 23, 1991, well within the 15 day time limit set by the FEC once \$5000 had been raised. Prior to this, all activities were done through a Testing the Waters Committee. Since Mr. Keyes had not yet decided to run for the U.S. Senate, all activities were done in order to assist him in making the decision to become a candidate. A poll was conducted, research was done, meetings were held, and mailings were sent to solicit advice and gather information as to whether Alan should or should not run against Senator Barbara Mikulski.

At no time during the Testing the Waters phase did Alan Keyes portray himself as a candidate or say he was running for office. All mailings were sent out with a disclaimer of "Testing the Waters Committee for Alan Keyes for U.S. Senate." All contributions were written to the same name and a bank account was opened to Testing the Waters Committee for Alan Keyes for U.S. Senate.

93043505448

ACCEPTANCE OF EXCESSIVE CONTRIBUTIONS

Even during the testing the waters phase, the Alan Keyes for U.S. Senate Committee has complied with all FEC regulations and rules as to contribution limits and guidelines.

The charge that the Campaign for Maryland's Future (CMF) is a stocking horse for the Alan Keyes for U.S. Senate Campaign is not true. Although Alan Keyes is the Chairman for CMF, all activities are kept completely separate. Candidates receiving support from CMF are targeted on the issues. Incumbents are also targeted for defeat on the issues.

As to exhibit A in the complaint, this mailing was done in April of 1991, well before Alan Keyes decided to run for this Senate seat. The letter plainly stated that CMF was targeting this Senate race because of Senator Mikulski's stand on the issues. This letter also made it clear that at the time of this letter Alan Keyes was not a candidate for this seat. The following passages clearly show this:

"We cannot let her continue to build her lead. Even before we, as a Party, decide who will run and who will be our candidate against her, we must start now to put the pieces in place for Senator Mikulski's defeat -- for whoever is the candidate."

"Let me say very plainly that I have not yet decided whether or not I will be a candidate for Senate this year. My chief concern at the moment is to put the pieces in place to defeat Senator Mikulski no matter who runs against her."

The Testing the Waters for U.S. Senate Committee for Alan Keyes for U.S. Senate did receive a \$5,000 contribution, well within FEC limits. CMF has not conducted any other activities on behalf of Alan Keyes or his Campaign for the U.S. Senate, therefore the charge that CMF has exceeded the contribution limit set by the FEC is not valid.

ACCEPTANCE OF CORPORATE CONTRIBUTIONS

Prior to announcing his candidacy for the U.S. Senate in 1991, Alan Keyes was President of Citizens Against Government Waste (CAGW). The day Alan Keyes announced for the Senate was the day he resigned from CAGW. CAGW did provide, and was reimbursed at fair market value for office space, postage, equipment usage, news services and phone services to the Keyes' for Senate Campaign. This was not a contribution. The Keyes for Senate campaign paid the one time charge of \$2,500 for these services on March 4, 1992. It was just over 50 days from the time the bill was received by the campaign to when it was paid. CAGW has a history of providing the

93043505449

same services for other organizations. The additional money paid to CAGW from the campaign was for reimbursement of insurance through COBRA (which is mandated by federal law) for some of its former employees now employed by the campaign.

REPORTING VIOLATIONS

The Keyes Campaign has also followed FEC regulations as to reporting employer and occupation of all contributors of \$200+. In every solicitation and in all follow-up correspondence, the information required is asked for. And nowhere in FEC rules does it say what percentage of donations must come from inside the state the candidate resides.

Other suggested violations in this complaint are also not valid:

Current or previous employees can certainly give contributions to an employer or former employer running for office.

All services used on behalf of the Keyes campaign at CAGW, including press releases and news services were reimbursed.

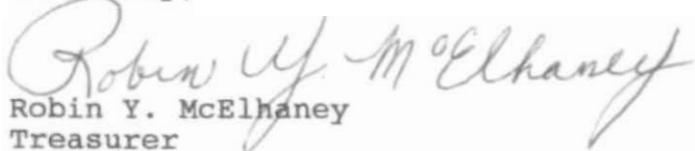
Mailing lists from organizations you have worked for can be rented at fair market value. This was the case for the CAGW mailing done by the Keyes for Senate Campaign.

Taxpayer Action Day is an ongoing event that CAGW sponsors. As President of CAGW Alan Keyes carried out his duties in promoting this national event.

CONCLUSION

As stated previously, the Alan Keyes for U.S. Senate Campaign is aware and cognizant of all FEC rules and regulations. Because of how this complaint became public (being sent to the press before it was sent to the FEC), it is clear that the Democratic Senatorial Campaign Committee is using the FEC for political purposes. Some of the information included in this complaint was put in solely for the purpose of disseminating it to the press, (i.e. the number of contributors from out of state, which is not monitored by the FEC). In our opinion there has been no violation of FEC law and no action should be taken by the FEC.

Sincerely,

  
Robin Y. McElhaney  
Treasurer

93043505450



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

RECEIVED  
F.E.C.  
SECRETARIAT

92 AUG 27 PM 2:05

August 27, 1992

**SENSITIVE**

MEMORANDUM

TO: The Commission

FROM: Lawrence M. Noble  
General Counsel

BY: Lois G. Lerner  
Associate General Counsel *LOL*

SUBJECT: MUR 3555  
Request for Extension of Time

By letter dated July 23, 1992, which was received on July 24, 1992, Citizens Against Government Waste ("CAGW") requested 20 days to respond to the Commission's notification that it had received a complaint implicating CAGW. This Office granted that extension in a letter dated July 27, 1992. CAGW's response was due on August 17, 1992.

By letter dated August 10, 1992, CAGW requested an additional extension of 7 days, until August 24, 1992. This Office granted that extension in a letter dated August 11, 1992. Accordingly, CAGW's response was due on August 24, 1992.

By letter dated August 19, 1992, CAGW requested an extension of 11 additional days to respond, until September 4, 1992. The letter explains that an extension is necessary due to the length of time it has taken to complete research, an effort to obtain additional information, and the retention of co-counsel.

The Office of the General Counsel recommends that the Commission grant the requested extension

RECOMMENDATIONS

1. Grant an extension of 11 days to Citizens Against Government Waste.
2. Approve the appropriate letter.

Attachments

1. Request for Extension

Staff Assigned: Richard Denholm

93043505451

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Citizens Against Government ) MUR 3555  
Waste ("CAGW") - Request for )  
Extension of Time. )

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on September 1, 1992, the Commission decided by a vote of 6-0 to take the following actions in MUR 3555:

1. Grant an extension of 11 days to Citizens Against Government Waste.
2. Approve the appropriate letter, as recommended in the General Counsel's Memorandum dated August 27, 1992.

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

Attest:

9-1-92  
Date

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

Received in the Secretariat: Thurs., Aug. 27, 1992 2:05 p.m.  
Circulated to the Commission: Thurs., Aug. 27, 1992 4:00 p.m.  
Deadline for vote: Tues., Sept. 1, 1992 4:00 p.m.

dr

93043505452



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

September 8, 1992

Mr. Jeffrey P. Altman, Esquire  
McKenna & Cuneo  
1575 Eye Street, N.W.  
Washington, D.C. 20005

RE: MUR 3555

Dear Mr. Altman:

This is in response to your letter dated August 19, 1992 requesting an additional extension of 11 days until September 4, 1992 to respond to notification that a complaint had been received regarding Citizens Against Government Waste. After considering the circumstances presented in your letter, the Commission granted the requested extension. Accordingly, your response was due by the close of business on September 4, 1992. The response was received in the Public Records Division on that date.

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Richard M. Denholm II  
Attorney

93043505453

UNITED STATES OF AMERICA  
BEFORE THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF  
ALAN KEYES ET AL.

MUR 3555

92 SEP -3 AM 10:51  
FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C.

RESPONSE TO THE COMPLAINT AND REQUEST FOR  
DETERMINATION THAT THERE IS "NO REASON TO  
BELIEVE" THAT THERE HAS BEEN A VIOLATION  
BY CITIZENS AGAINST GOVERNMENT WASTE

Jeffrey P. Altman  
McKenna & Cuneo  
1575 Eye Street, N.W.  
Suite 800  
Washington, D.C. 20005  
(202) 789-7500

David M. Ifshin  
Ross & Hardies  
888 16th Street, N.W.  
Suite 300  
Washington, D.C. 20006  
(202) 296-8600

COUNSEL FOR CITIZENS AGAINST  
GOVERNMENT WASTE

September 4, 1992

93043505454

TABLE OF CONTENTS

Page

I. OVERVIEW AND GENERAL STATEMENT OF THE CASE.....2

II. CAGW AND CCAGW ARE BOTH NONPROFIT  
MASS-MEMBERSHIP ORGANIZATIONS DEDICATED  
TO ELIMINATING WASTEFUL GOVERNMENT SPENDING.....5

A. History of the President's Private Sector  
Survey on Cost Control (Grace Commission).....6

1. Background and Contributions of  
J. Peter Grace.....6

2. The Grace Commission Report.....7

B. Founding of Citizens Against Government  
Waste.....8

1. Purposes of CAGW.....8

2. Peter Grace's Plan.....9

3. Original Board of Directors.....10

4. Current Board of Directors.....11

5. Sources of Support.....11

6. CAGW Membership.....11

7. Accomplishments.....12

8. CAGW Management and Staff.....16

C. Establishment of the Council for  
Citizens Against Government Waste.....17

1. CCAGW's Grass Roots Activities.....18

2. Coalition Leadership.....18

3. Research and Publications.....19

4. Congressional Vote Ratings.....20

93043505455

5. Special Projects.....21

6. Taxpayer's Action Network.....22

7. Legislation and Lobbying Activities.....23

8. CCAGW Membership Activities.....23

9. CCAGW Management and Staff.....23

D. Congressional Grace Caucus.....24

E. CAGW and CCAGW are Nonpartisan Mass-Membership Organizations and They do not Engage in Political Campaign Activities.....25

III. CAGW DID NOT SERVE AS A "VEHICLE" FOR THE KEYES COMMITTEE.....26

IV. CAGW DID NOT MAKE ANY IMPROPER CORPORATE CONTRIBUTIONS OR EXPENDITURES.....29

A. The Keyes Campaign did not Improperly Use CAGW Employees and Facilities.....29

B. The Keyes Committee did not Improperly Use CAGW's Mailing Lists.....36

C. The Costs Incurred by CCAGW in Connection with Taxpayer's Action Day did not Violate FECA or the FEC Regulations.....37

D. The Arrangement for Continued Insurance Benefits for Keyes and Three Other Former Employees of CAGW does not Violate FECA or the FEC Regulations.....40

V. THE ACTIVITIES OF CAGW AND CCAGW ARE EXEMPT FROM THE REQUIREMENTS OF FECA AND THE FEC REGULATIONS.....43

VI. CONCLUSION.....45

93043505456

UNITED STATES OF AMERICA  
BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of  
Alan Keyes et al.

MUR 3555

RESPONSE TO THE COMPLAINT AND REQUEST FOR  
DETERMINATION THAT THERE IS "NO REASON TO  
BELIEVE" THAT THERE HAS BEEN A VIOLATION  
BY CITIZENS AGAINST GOVERNMENT WASTE

93043505457

On July 6, 1992, the Democratic Senatorial Campaign Committee ("DSCC") filed a complaint (the "Complaint" or "DSCC Complaint") with the Federal Election Commission ("FEC" or "Commission") against Alan Keyes ("Keyes") and his senatorial campaign committee (the "Keyes Committee"); the Campaign for Maryland's Future ("CMF") (a multi-candidate campaign committee that Keyes apparently established in April 1989); and Citizens Against Government Waste ("CAGW"). Although not specifically named, the DSCC Complaint alleges that the Council for Citizens Against Government Waste ("CCAGW"), CAGW's related lobbying organization, "may also be involved."

The DSCC Complaint generally alleges violations of various provisions of the Federal Election Campaign Act of 1971 ("FECA" or "Act"), 2 U.S.C. §§ 431 et seq., and the implementing regulations issued by the FEC (the "FEC regulations"), 11 C.F.R. §§ 100.1 et seq. This submission addresses only those portions of the Complaint that relate to CAGW and CCAGW.

93043505458

CAGW first learned of the DSCC Complaint when it read about it in the July 7, 1992 issue of the Baltimore Sun. CAGW received a copy of the Complaint on July 13, 1992, under cover of a letter from the FEC Assistant General Counsel dated July 10, 1992. As the result of several extension requests, CAGW's response is currently due on September 4, 1992.

As permitted by 11 C.F.R. § 111.6, this submission is being made on behalf of CAGW to demonstrate why the Commission should determine that there is "no reason to believe" that either CAGW or CCAGW has violated or is likely to violate FECA or the FEC Regulations. For the reasons set forth below, the Commission should decide to take no further action on this matter with respect to CAGW or CCAGW.

I. OVERVIEW AND GENERAL STATEMENT OF THE CASE

The DSCC Complaint appears to be a politically motivated attack against the political campaign activities of Alan Keyes and the Keyes Committee. The Complaint completely ignores the legitimate nonpartisan purposes and functions of CAGW and CCAGW as described in this response and demonstrated in the accompanying exhibits.

The DSCC Complaint essentially accuses CAGW of being a pawn in Alan Keyes' alleged empire. Without any substantiation or factual basis for its claim, the DSCC Complaint contains a sweeping allegation that Alan Keyes "merged" his roles as a

senatorial candidate and as the President of CAGW and that he improperly utilized CAGW as a "vehicle" for his senate campaign. Nothing, however, could be further from the truth.

CAGW and CCAGW trace their origins to the President's Private Sector Survey on Cost Control (commonly referred to as the Grace Commission), which was appointed by President Reagan in 1982 to ferret out waste and inefficiency in the operations of the federal government. As will be explained in great detail in the Section II of this response, CAGW and CCAGW have substantial nonpartisan missions and goals that far transcend the limited terms of Alan Keyes and the three other individuals who have temporarily held the senior staff position of President. As will be demonstrated in Section III below, there is no basis whatsoever to the allegation that CAGW or CCAGW served as a "vehicle" for the Keyes Committee.

In addition to these baseless general allegations, the DSCC Complaint alleges that CAGW made prohibited corporate contributions and expenditures on behalf of the Keyes Committee. The Complaint cites several specific instances where 2 U.S.C. § 441b was allegedly violated, including the Keyes Committee's use of CAGW facilities, staff and mailings lists as well as CAGW's arrangement for COBRA-like insurance benefits for its former employees. As will be demonstrated in Section IV of this response, CAGW has properly charged and been timely reimbursed for any expenses incurred in connection with the use of its

93043505459

facilities and staff, its mailing lists and for the arrangements it made for continued insurance benefits for its former employees in accordance with its long-standing policy.

It would appear that CAGW is merely an innocent nonpartisan bystander in a political battle between the DSCC and the Keyes Committee. DSCC should have first asked CAGW about the matters raised in its complaint. Instead, it wrongfully identified CAGW to the press (in violation of the FEC's confidentiality requirements) and it has caused CAGW to have to go through the time and expense of responding to the DSCC Complaint.

The DSCC Complaint has no basis in fact or law and is affecting the ability of CAGW to carry out its wide-ranging nonprofit and nonpartisan purposes. The Complaint is draining resources from two public interest organizations which serve a serious and invaluable public purpose. Pursuing the DSCC complaint and conducting a full-blown investigation would be a waste of the Federal Election Commission's resources as well as taxpayer dollars.

As will be demonstrated below and by the accompanying exhibits, there is no factual or legal basis for the violations that DSCC has alleged. The Commission should not countenance this abuse of its complaint procedures as the DSCC is attempting to do in this case. The Commission should find that there is "no reason to believe" that a violation of FECA or the FEC regulations by CAGW or CCAGW has occurred or is likely to occur.

93043505460

The Commission should decide to take no further action on this matter with respect to CAGW or CCAGW.

II. CAGW AND CCAGW ARE BOTH NONPROFIT  
MASS-MEMBERSHIP ORGANIZATIONS DEDICATED  
TO ELIMINATING WASTEFUL GOVERNMENT SPENDING

9 3 0 4 3 5 0 5 4 6 1

This section of the response will demonstrate that CAGW and CCAGW are both independent entities with far-ranging, nonpartisan activities and agendas that could not possibly be subsumed by the personal political goals of any one individual; that the history of the Grace Commission and Peter Grace's commitment to public service and recognition as the leading spokesperson in the nation on the issue of government waste would supersede any such activity; that CAGW and CCAGW preceded the presidency of Alan Keyes and will survive far beyond the presidency of Alan Keyes; that CAGW's membership base of more than 500,000, and CCAGW's membership base of more than 250,000 and its extensive grass roots network, make these organizations independent of any one individual; that the two organizations have fulfilled their original goals as outlined in their articles of incorporation and as established by Peter Grace in 1984; that the two organizations have had four presidents since their origins in the mid-1980's; that Alan Keyes performed the same duties and worked to achieve the same goals as each of the other presidents under the guidance of the respective boards of directors; that the two organizations work closely with a bipartisan group of members of Congress; that

the complaint is a politically-motivated attack against Alan Keyes and not CAGW or CCAGW in their every day activities; and that the history of achievement by these two organizations make it clear that the complaint that Alan Keyes "merged" them with the Keyes Committee has no basis in fact.

A. History of the President's Private Sector Survey on Cost Control (Grace Commission)

On June 30, 1982, President Ronald Reagan issued an executive order establishing The President's Private Sector Survey on Cost Control (PPSS). President Reagan chose J. Peter Grace, the chairman and chief executive officer of W.R. Grace & Co., as PPSS Chairman.

1. Background and Contributions of J. Peter Grace

Mr. Grace has held his position as chief executive officer of W. R. Grace & Co. longer than any other chief executive of a major U.S. industrial concern. Throughout his career, he has been actively associated with numerous business organizations and public service groups, and with charitable and educational institutions. Mr. Grace, a Democrat, has served Presidents Eisenhower, Kennedy and Reagan in an advisory capacity. (The breadth of Mr. Grace's contributions and achievements are demonstrated in Exhibit 1.)

93043505462

2. The Grace Commission Report

When President Reagan appointed Peter Grace to chair the Grace Commission, Mr. Grace took seriously the President's advice to "work like tireless bloodhounds" to identify waste, mismanagement and inefficiency. Mr. Grace created an Executive Committee of 161 senior business leaders and an army of 2,000 volunteers which spent the next eighteen months working with federal managers and experts to produce 47 volumes of recommendations to improve the operations of the federal government. The report contained 21,000 pages of information and 1.5 million pages of supporting documentation. (A list of the PPSS Executive Committee members, project directors, volunteers and corporate supporters as well as report summaries are attached as Exhibits 2 & 3.)

The commission made 2,478 recommendations which would have saved taxpayers \$424.4 billion over three years following full implementation.

On January 16, 1984, the Grace Commission's final report was presented to President Reagan. Upon receipt of the report, the President commended PPSS and J. Peter Grace for producing "remarkable documents. They dare us to think the unthinkable and they urge us to do the undoable...(Y)ou have presented us with a program for action, a blueprint that can make government responsive to the needs of the less fortunate..." the President said. (Exhibit 4.)

B. Founding of Citizens Against Government Waste

The President urged Mr. Grace not to let the report gather dust on a shelf. Following the President's advice, and realizing that implementation of the aforementioned recommendations was the single most important result to be achieved by the commission's efforts, Peter Grace joined with syndicated columnist Jack Anderson to form Citizens Against Waste in April, 1984, in compliance with Internal Revenue Code as a Section 501(c)(3) tax-exempt, nonprofit, nonpartisan, public educational foundation. The name of the organization was changed to Citizens Against Government Waste in 1985 to more clearly identify its purposes.

1. Purposes of CAGW

CAGW's articles of incorporation (Exhibit 5) stated that the organization was "organized and operated ... exclusively to conduct charitable, scientific and educational activities within the meaning of Section 501(c)(3) of the [Internal Revenue] Code." In addition, CAGW would "perform nonpartisan analysis, study and research on waste and inefficiency in government" as well as "publish and disseminate information and conduct educational activities regarding waste and inefficiency in government." The articles also stated that the "Corporation shall not participate or intervene in any political campaign on behalf of any candidate

93043505464

for office." As will be demonstrated below, CAGW has lived up to the letter and spirit of its articles of incorporation.

## 2. Peter Grace's Plan

CAGW was dedicated to providing "a very comprehensive public education program to bring the PPSS message to the American people," Peter Grace wrote to supporters in August 1984. (Exhibit 6.) Included in the plan of work were:

- o the development of a television documentary
- o news briefs for television station use
- o radio and television public service announcements
- o op-ed articles
- o national advertising/public service campaign under the auspices of the Advertising Council
- o radio, television, newspaper and magazine interviews
- o newsletter
- o publication of War on Waste, summarizing the findings of the Grace Commission
- o publication of Burning Money: The Waste of Your Tax Dollars, a popularized version of War on Waste.

Every single one of these objectives has been accomplished by the organization, which proves that the activities and functions of CAGW far transcend the presidency of Alan Keyes.

93043505465

3. Original Board of Directors

The original bipartisan board of directors of Citizens Against Waste as indicated on its letterhead (Exhibit 7)

included:

J. Peter Grace and Jack Anderson, co-chairmen  
Hon. William F. Bolger, former U.S. Postmaster General  
Hon. Tom Bradley, Mayor, Los Angeles (D)  
Hon. Jim Jones (D-OK)  
Hon. Scott Matheson, Governor, Utah (D)  
Hon. Claude Pepper (D-FL)  
Hon. William Proxmire (D-WI)  
Hon. John Y. Brown, former Governor, Kentucky (D)  
Hon. Hugh Carey, former Governor, New York (D)  
Hon. George McGovern, former Senator, South Dakota (D)  
Hon. Ester Peterson, former assistant to President Carter  
Hon. George W. Romney, former governor, Michigan (R)  
Hon. William Simon, former U.S. Treasury Secretary (R)  
Amory Houghton, Jr., Corning Glass Works (now a Republican representative from New York)  
John Huntsman, Huntsman Chemical Company  
Dan W. Lufkin, Columbia Pictures Industries, Inc.  
Fred Malek, Marriott Corporation  
Phillip Merrill, Capital Gazette Communications, Inc.  
Roger Milliken, Milliken & Co.  
Robert Thompson, Thompson, Mann & Hutson  
J. P. Bolduc, CAGW president

4. Current Board of Directors

The current CAGW Board of Directors reflects a 1987 downsizing to facilitate policymaking and includes:

J. Peter Grace and Jack Anderson, co-chairmen

J. P. Bolduc, former CAGW president

George S. Goldberger, former CAGW president

Roger Milliken

Hon. William E. Simon

Thomas A. Schatz, CAGW president

Among other things CAGW's Board of Directors is responsible for providing direction to and control of its president.

5. Sources of Support

After being supported in its early years through a speaker's bureau and contributions from a few individuals, foundations and corporations, CAGW in 1988 underwent a massive membership development drive that increased individual membership from less than 5,000 to more than 500,000 today. Of its \$6,183,663 in donations in 1991, approximately 94% came from individual memberships, 4% from foundations, and 2% from for-profit corporations.

6. CAGW Membership

CAGW is the fastest-growing public policy citizens organization in America. Membership growth is achieved through regular membership mailings to CAGW's 500,000-name house file and

93043505467

through prospecting efforts to reach millions of taxpayers each year. CAGW also engages in telemarketing, and national television, radio and print advertising. From the hundreds of radio interviews CAGW participates in each year, thousands of phone calls are made to the 1-800-USA-DEBT® toll-free line.

#### 7. Accomplishments

CAGW's record of accomplishment far outstrips even its ambitious initial objectives. By the end of Fiscal Year 1992, savings generated by enacted Grace Commission recommendations will total nearly a quarter trillion dollars. These savings were documented by the Office of Management and Budget through fiscal year 1990, and CAGW has estimated additional savings since that date.

The FY 1986-1990 Management Reports of the United States Government specifically note that without the efforts of CAGW, these savings would not have been achieved. (Exhibit 8.)

With approximately \$100 million invested by the private sector (and "not a dime" from the federal government) the organization has "returned" almost \$250 billion to America's current and future taxpayers.

As noted above, CAGW has and continues to carry out all of the objectives outlined by Peter Grace in 1984. They are briefly summarized below in order to demonstrate the breadth of CAGW's activities and accomplishments.

93043505468

9 3 0 4 3 5 0 5 4 6 9

Television Documentary. CAGW has produced three half-hour television documentaries: "Red Ink Nightmare" (1990) and "WasteWatch Journal" (1991) (Exhibit 9); and the latest version of "WasteWatch Journal," which is being hosted by actor Richard Dysart of NBC's "L.A. Law." This program will be released in the Fall of 1992. Including its projected audiences, tens of millions of Americans will have had the opportunity to see on national television and local outlets documentary evidence of the efficacy of both the Grace Commission and CAGW. The programs have been aired on NBC, national cable channels and local stations around the country. (Exhibit 10.)

News Briefs for Television Stations. In conjunction with news conferences and major news events over the past four years, CAGW has issued several "video news releases" which have been made available to television stations throughout the country.

In addition, CAGW produced a "WasteWatch Minute" for Financial News Network's "Insiders with Jack Anderson," which was used twice weekly on the national cable station.

Radio and Television Public Service Announcements/Ad Council Campaign. National television, radio, newspaper and magazine advertisements supporting CAGW and its educational efforts have appeared annually since 1985, including an 18-month multimedia campaign produced and distributed by the Ad Council,

93043505470

which also produced such notable campaigns as "Smokey the Bear" and "Just Say No." (Exhibit 11.)

CAGW has also run full-page ads in The New York Times, USA Today, The Washington Post, The Christian Science Monitor, and several other newspapers since 1989. (Exhibit 12.)

Op-ed Articles. Opinion pieces by J. Peter Grace, George S. Goldberger, Alan Keyes and Thomas A. Schatz have appeared in newspapers around the country. (Exhibit 13.) The latest op-ed piece appeared in the Wall Street Journal on June 30, 1992, the ten-year anniversary of the Executive Order creating the Grace Commission. (Exhibit 14.)

Radio, Television, Newspaper, and Magazine Interviews and Speeches. Peter Grace was featured on the covers of U.S. News and World Report in July, 1983; National Review in March, 1984; TWA Ambassador in July, 1985; and Financial Enterprise in the Fall of 1985. He has appeared in dozens of other publications, including the U.S. Chamber of Commerce magazine, Nation's Business and most recently, CEO Magazine.

CAGW officers and staff have been interviewed on hundreds of radio stations, including some of the largest in the country: KABC-Los Angeles; KMOX-St. Louis; WABC-New York; WBZ-Boston; WOAI-San Antonio; and WRC-Washington, D.C. Television interviews include CBN News; CNN; CNBC; Fox Morning News-Washington, D.C.; WWOR-Secaucus, N.J.; and dozens of local network affiliates.

The president, directors and staff of CAGW have also made countless speeches nation-wide.

Newsletter. CAGW's quarterly newsletter, Government WasteWatch, is distributed to CAGW's half-million members, public and university libraries and media outlets. It is frequently quoted in the national media and is widely considered the leading source of information on government spending.

Publication of War on Waste and Burning Money. War on Waste, by J. Peter Grace, was published in 1984. Burning Money was published in hardback by McMillan and Co. in 1984. The book was subsequently printed, with McMillan's permission, by CAGW in paperback form and issued to hundreds of thousands of taxpayers around the country.

Other Publications. CAGW has published in 1990, 1991 and 1992 a comprehensive list of "pork barrel" items in appropriation bills. (Exhibits 15, 16 & 17.) In addition, CAGW has published four issue briefs on subjects ranging from farm programs to space programs (Exhibits 18, 19, 20 & 21); waste-cutting proposals, "Cutting Waste: How to Avoid Increased Taxation" (Exhibit 22); a critique of the performance of the Office of Management and Budget, "Failing Marks" (Exhibit 23); and two "Policy Forum" papers, remarks from CAGW's December 1990 Conference on Efficient

93043505471

Defense in an Era of International Transitions (Exhibits 24 and 25).

8. CAGW Management and Staff

Managersially, CAGW has been headed by four different presidents since its inception. J. P. Bolduc, who served as chief operating officer of the Grace Commission, was president from 1984 to 1986. George S. Goldberger, who also served on the Grace Commission staff, was president from 1986 to 1989. Alan L. Keyes was president from 1989 to 1991. Thomas A. Schatz, who has been with CAGW since 1986 and was previously the former senior vice president and director of government affairs, is the current president.

As President, J.P. Bolduc retained contacts with many contributors to PPSS and established a speaker's bureau to help provide funds for CAGW's early years. George Goldberger took over in 1986 and began restructuring the organization to reduce overhead and improve educational activities. Under his leadership, CAGW's membership grew from several thousand to more than three hundred thousand members. When George Goldberger resigned in 1989, Alan Keyes replaced him and received a mandate from the Board of Directors to increase membership and improve CAGW's visibility. He was picked in great part due to his public prominence, leadership and oratory skills. Through his many public appearances, Alan Keyes accomplished his goal. During his

93043505472

tenure, membership grew by fifty percent to 450,000 and CAGW became the leading citizens organization dealing with issues of the deficit and wasteful government spending.

CAGW is staffed by a membership director, a legislative affairs director, a national field director, a communications director, three research professionals, a director of administration, a chief financial officer and several support staff. Its 1992 operating expense budget is \$6,393,000.

C. Establishment of the Council for  
Citizens Against Government Waste

93043505473  
In 1985, Peter Grace and others recognized that public education alone would be insufficient to accomplish the massive task at hand. Washington political realities dictated a presence both on Capitol Hill and in grassroots America. The Council for Citizens Against Government Waste was formed in compliance with the Internal Revenue Service Code as a Section 501(c)(4) tax-exempt, nonprofit, nonpartisan, civic league to carry out lobbying activities in support of cost-cutting measures recommended by the Grace Commission.

As stated in its articles of incorporation (Exhibit 26), CCAGW's primary purpose is "to advocate the elimination of waste and inefficiency in government, and to carry on propaganda and otherwise attempt to influence legislation in this regard, all to the extent permitted by Section 501(c)(4) of the [Internal Revenue] Code. The Corporation will also perform nonpartisan

analysis, study and research on waste and inefficiency in government, as well as publish and disseminate information and conduct educational activities regarding waste and inefficiency in government." The articles further state that the "Corporation will not participate or intervene, directly or indirectly, in any political campaign on behalf of or in opposition to any candidate for public office."

Separately chartered and financed, CCAGW expands the impact of CAGW and Grace Commission recommendations and channels the lobbying interests of newly educated citizens eager to work for fiscal restraint in their government.

1. CCAGW's Grass Roots Activities

CCAGW's earliest grass roots network efforts in 1985-1989 included the "SENTRY" program and "Government Waste Patrols." These programs were designed to establish CCAGW leaders in each congressional district to monitor developments, on federal, state or local legislation and to lobby elected officials on government waste issues.

2. Coalition Leadership

In conjunction with these efforts, CCAGW began building coalitions with other grass roots organizations and took a leadership role in COFIRE, the Coalition for Fiscal Restraint. COFIRE was established in 1988 to reduce the deficit through spending restraint rather than higher taxes. Today, COFIRE, of

93043505474

9 3 0 4 3 5 0 5 4 7 5

which CCAGW is an executive committee member, consists of 117 trade associations, citizens groups and corporations, representing more than 15 million taxpayers. CCAGW staff joins other COFIRE member staff in lobbying Congress on legislation which has been endorsed by the COFIRE membership.

CCAGW also played an instrumental role in the balanced budget amendment/tax limitation coalition. CCAGW President Thomas A. Schatz recently attended a White House meeting with President Bush to discuss strategy for passage of the amendment.

### 3. Research and Publications

CCAGW also took the lead role in developing a comprehensive list of pork barrel spending items, known as the "Pig Book." These publications were produced in 1990, 1991 and 1992. (Exhibits 27 & 28.) The announcement of the 1992 Pig Book received national television coverage at a press conference on March 4, 1992.

CCAGW's work on the Pig Book formed the basis for the "Porkbusters Coalition" on Capitol Hill, a bipartisan group of congressmen and senators, along with outside organizations. This coalition examines appropriation bills for pork barrel spending and through various members of Congress, offers amendments to eliminate such spending.

In August of 1992, CCAGW mailed to all Democratic and Republican incumbents and candidates for Congress a copy of its

1992 "Campaign Issues Handbook." (Exhibit 29.) This 94-page document contains 15 issue areas, with separate detailed discussions of each issue, including the rationale for CCAGW's proposed legislative actions. This activity is an example of CCAGW's proactive approach to achieving legislative reform of the government spending process by educating incumbents and challengers of both parties to the critical issues concerning government waste that face our country.

CCAGW has also published "Taxpayer's Reform Program for the 1990's," a collection of articles by members of Congress from both sides of the aisle. (Exhibit 30.) Senate Democrats include Lloyd Bentsen of Texas, Senate Finance Committee Chairman and Bill Bradley of New Jersey as well as House Democrats Frank Pallone of New Jersey and Billy Tauzin of Louisiana. Republican writers include Senators Bob Smith of New Hampshire and John McCain of Arizona, along with Representatives Dick Armev of Texas and Bill McCollum of Florida.

#### 4. Congressional Vote Ratings

In 1990, for the first time, CCAGW rated members of Congress based on their anti-wasteful spending votes. These votes were determined in part by CCAGW's "Critical Government Waste Issues" book, which was sent to all members of Congress at the beginning of the second session of the 101st Congress. This same technique was used to develop ratings in 1991 and is being

93043505476

used in 1992. These ratings are critical to CAGW's public education and CCAGW's lobbying activities. Only when the wasteful actions of the politicians are exposed to the light of day, can they be pressured to be fiscally responsible.

#### 5. Special Projects

In 1990, CCAGW held a series of nationwide rallies to protest government waste and high taxes. The first Taxpayer's Action Day, which was held on October 27, 1990, drew tens of thousands of participants in 160 cities and towns nationwide. Senior CCAGW staff visited cities around the country to build up public awareness of Taxpayer's Action Day and conducted dozens of radio interviews in September and October.

In 1991, 144 rallies were held in nearly 200 cities, and CCAGW staff again traveled to major cities to publicize the event, conducting television, radio and newspaper interviews. Nearly 120 radio interviews were accomplished in a four-week period prior to Taxpayer's Action Day on October 19, 1991.

In 1992, 144 rallies are already scheduled as of September 4th, and another multi-media effort of television, radio and print advertising is being produced by CCAGW staff, and numerous radio interviews are being arranged.

In 1990 and 1991, CCAGW chairman J. Peter Grace and CCAGW Board member J. P. Bolduc attended rallies where CCAGW staff anticipated the largest crowds. The President of the

93043505477

organization, who in each of those years was Alan Keyes, attended rallies in the Washington, D.C. area in order to be prepared to respond to potential requests for interviews on Washington network television facilities. Mr. Keyes was also able to attend several rallies in one day due to the proximity of several local sites to the Lafayette Park rally in Washington.

In 1992, current CCAGW President Thomas A. Schatz will attend the rally in Washington, D.C. and may also attend local area rallies as well. Before that, Mr. Schatz is planning trips to St. Louis, Chicago, Phoenix, San Antonio, Dallas, Pennsylvania, Cleveland, Cincinnati and Indianapolis to promote Taxpayer's Action Day. Other staff will go to California, New England and the Southeastern United States for the same purpose.

#### 6. Taxpayer's Action Network

As an outgrowth of Taxpayer's Action Day, CCAGW developed its current grass roots network, the Taxpayer's Action Network ("TAN"). TAN has 290+ chapters across America, dedicated to working at local and state levels to achieve fiscal responsibility and organized to work cohesively in support of CCAGW initiatives in Washington. TAN activities include a telephone tree to contact legislators on key congressional votes.

23043505478

9 3 0 4 3 5 0 5 4 7 9

7. Legislation and Lobbying Activities

CCAGW tracks dozens of bills through the Congress each year. Major legislative victories include enactment of legislation to close obsolete military bases and to establish chief financial officers in federal departments and agencies.

CCAGW's letters in support of legislation have been read many times on the floor of the House and Senate. CCAGW staff regularly contacts legislators and fields dozens of requests for endorsements of bills during each session of Congress.

CCAGW President Thomas A. Schatz has testified before various congressional committees more than a dozen times since the beginning of the 102nd Congress.

8. CCAGW Membership Activities

CCAGW conducts numerous activities to maintain and increase membership, including regular membership mailings, telemarketing, and recruitment of grass roots activists through a multi-media television, radio and print campaign which publicizes the phone number 1-800-BE-ANGRY®.

9. CCAGW Management and Staff

Managerially, CCAGW has been headed by four different presidents since its inception. J. P. Bolduc, who was chief operating officer of the Grace Commission, was president from 1984 to 1986. George S. Goldberger, who also served on the Grace Commission staff, was president from 1986 to 1989. Alan L. Keyes

was president from 1989 to 1991. Thomas A. Schatz, who has been with CCAGW since 1986 and was previously the senior vice president and director of government affairs, is the current president. The differing roles played by each president are basically the same as described above for CAGW.

CCAGW is staffed mostly by the same employees as CAGW on a shared basis (with their costs being allocated between the two organizations in proportion to their relative efforts for each). Its annual operating expense budget is \$3,480,000.

The current Board of Directors of CCAGW consists of J. Peter Grace, chairman, J. P. Bolduc and Jeffrey P. Altman, who also serves as corporate secretary.

D. Congressional Grace Caucus

To follow up on the Grace Commission recommendations in Congress, and in response to constituent interest in reducing government overhead and wasteful spending, Congressman Beau Boulter (R-TX) founded the Congressional Grace Caucus in 1985. The Caucus is a bi-partisan group of elected officials dedicated to the introduction and passage of legislation to implement cost-cutting recommendations. The first Caucus co-chairman was Rep. Buddy Roemer (D-LA), while the Senate branch was co-chaired by Gordon Humphrey (R-NH) and Dennis DeConcini (D-AZ).

In 1986, Sen. William V. Roth, Jr. (R-DE), then chairman of the Senate Committee on Governmental Affairs, asked CAGW to

93043505480

assist in research and strategy for introducing a "Grace Caucus" package of bills intended to implement Grace Commission recommendations. On June 26, 1986, Senator Roth, joined by Senate and House colleagues, introduced 15 bills, which incorporated 80 Grace Commission recommendations with potential savings of \$32.8 billion over three years. (Talking points, articles and Senator Roth's floor remarks are attached as Exhibit 31.) By 1988, the Caucus had 164 members (33 Senators and 131 Representatives). In 1990, the Caucus had 197 members (32 Senators and 165 Representatives) and was chaired in the Senate by Sens. DeConcini (D-AZ) and Humphrey (R-NH) and in the House by Reps. Terry Bruce (D-IL) and Richard Armey (R-TX).

The Grace Caucus currently has 192 members (32 Senators and 160 Representatives), and is chaired by Representatives Frank Pallone (D-NJ) and Chris Cox (R-CA) and Senators Herbert Kohl (D-WI) and Hank Brown (R-CO). (The current roster is attached as Exhibit 32.)

E. CAGW and CCAGW are Nonpartisan Mass-Membership Organizations and They do not Engage in Political Campaign Activities

As demonstrated above, Citizens Against Government Waste and the Council for Citizens Against Government Waste are nonpartisan in their activities and functions. They expressly deny political endorsements, either by candidate or party, and

93043505481

merely research, initiate and support recommendations to improve fiscal management of the federal government.

III. CAGW DID NOT SERVE AS A "VEHICLE" FOR THE KEYES COMMITTEE

In sweeping general terms, the DSCC Complaint alleges that CAGW was diverted and somehow made subservient to Alan Keyes' political ambition. Specifically, the Complaint states that Alan Keyes "engaged in activities to promote his candidacy" at the same time as he "served as President of CAGW." The Complaint alleges that "[a]t some point, these two roles apparently merged, and CAGW became a vehicle for his senate campaign." The DSCC Complaint also states that Alan Keyes "has taken advantage of his position with [CAGW] to use its staff and facilities to further promote his Senate candidacy. The overlap in staff and resources of Mr. Keyes' various entities ... violates the federal campaign laws." Finally, the DSCC Complaint makes passing references to the fact that several CAGW employees were also working for CMF the Keyes Committee either as consultants or paid staff.

The lengthy history and discussion of the purposes and activities of CAGW and CCAGW in the preceding section should dispel any notion that either of these organizations served as a "vehicle" for the Keyes Committee. CAGW and CCAGW are substantial organizations whose nonpartisan purposes and activities are not capable of being subverted by anyone who temporarily holds a senior staff position.

93043505482

9 3 0 4 3 5 0 5 4 8 3

As discussed above, Alan Keyes was appointed as President in 1989 after his predecessor resigned. At that time, he did not reveal any intention to run for political office. He was hired, because of his national reputation and public speaking skills, to increase membership and raise the visibility of CAGW. When he announced his candidacy in 1991, he immediately resigned as an officer and director of both CAGW and CCAGW, even though he was not required to do so, in order to avoid even the appearance of any impropriety. (A copy of his formal letter of resignation is attached as Exhibit 33. Please note that the letter is in error in suggesting that Keyes was an officer or a director of the Foundation for the President's Private Sector Survey on Cost Control, Inc., the public foundation that was established in 1982 to support the Grace Commission.)

It should be quite clear that these two organizations were not created solely to benefit Alan Keyes or any other person. CAGW has no history of engaging in political campaign activities -- in fact, prior to the DSCC complaint, the issue had never been raised -- nor is it a "front" for political candidates. While CCAGW engages in lobbying activities, the Board of Directors has specifically discussed, and dismissed, the creation of a political action committee to avoid even the appearance of political campaign activity.

The purposes of the two organizations are also clear to the members of CAGW and CCAGW, the media and the general public. It

is only in the political minds of the DSCC, a political animal seeking political advantage, that CAGW exists as part of an Alan Keyes "conglomerate." The DSCC is attempting to trap CAGW and CCAGW in a web of political intrigue, innuendo and false accusation.

The base political nature of the DSCC complaint is perhaps best revealed by their leaking the essence of their action to the Baltimore Sun -- the leading newspaper in Maryland, which just happens to be where Alan Keyes is a Senatorial candidate. This was clearly meant to create negative publicity for Alan Keyes' candidacy as opposed to seriously attacking CAGW.

It stretches one's credulity to accept the DSCC's theory about Alan Keyes' "control" of CAGW or to accept its theory about CAGW's culpability in this matter.

If it is the DSCC's purpose to drain time, energy and resources from CAGW and CCAGW and to impede their activities to eliminate government waste, mismanagement and inefficiency, they are succeeding. The Commission should recognize the harm that further action on its part would do to CAGW and CCAGW, as well as the unnecessary cost to taxpayers to lend credence to the wild DSCC theory in pursuit of the DSCC Complaint against CAGW.

The eight-year history of CAGW and the seven-year history of CCAGW are replete with examples of fulfilling their respective missions. With a 500,000-membership base, clear guidance from the original Grace Commission recommendations, and an excellent

nonpartisan working relationship with members of Congress, the strengths of the organizations make it impossible for any one individual to "merge" them with his or her personal goals or to turn CAGW and CCAGW into his personal campaign vehicle.

IV. CAGW DID NOT MAKE ANY IMPROPER CORPORATE CONTRIBUTIONS OR EXPENDITURES

As an alternative to its general allegations that Alan Keyes subverted the purposes and activities of CAGW to make it serve as a personal campaign "vehicle," the DSCC Complaint cites several specific instances that allegedly constitute an improper corporate contribution or expenditure. Each of these specific allegations is separately discussed below.

A. The Keyes Committee did not Improperly Use CAGW Employees and Facilities

Keyes publicly declared his candidacy for the U.S. Senate on November 18, 1992. Although there was no requirement for him to do so, Keyes formally tendered his resignation as an officer and director of both CAGW and CCAGW at their separate Board of Directors meetings on November 22, 1991. It was not until recently that CAGW reviewed the FEC's public records and learned that the Keyes Committee filed its initial Statement of Organization with the FEC on November 6, 1992.

Ms. Angela Upton (executive assistant) resigned and left CAGW at the same time as Alan Keyes. She apparently then became a paid consultant to the Keyes Committee (according to the Keyes

93043505485

Committee's FEC filings). Ms. Robin McElhaney (special assistant) and Ms. Allyson Bell (assistant financial officer) continued their employment at CAGW until January 15, 1992, until their work was completed and they could be replaced.

Between November 18, 1991 and January 15, 1992, Ms. McElhaney and Ms. Bell continued to work for CAGW on a full-time basis. CAGW was informed that they intended to work as unpaid volunteers to the Keyes Committee on their own time. At least until December 15, 1992, some of these volunteer activities were apparently conducted in CAGW's offices. The Keyes Committee's FEC filings confirm that these two individuals did not begin to receive a salary from the Keyes Committee until after they resigned from CAGW. Unknown to CAGW, both Ms. McElhaney and Ms. Bell apparently were paid consultants and were listed as officers of CMF while they were working for CAGW (as recently discovered by reviewing the FEC filings of CMF).

Although there was no specific agreement in this regard, it was generally understood after Alan Keyes left CAGW that both Ms. McElhaney and Ms. Bell would perform their volunteer activities for the Keyes Committee on their own time, only during lunch breaks and after normal working hours. They also promised to keep track of and to reimburse CAGW for any incidental costs they might incur in connection with their volunteer activities (such as for long distance telephone calls, copying, etc.).

In late January, after they left CAGW's employ, they computed the amount due CAGW to be \$2,500, which was paid in full on March 3, 1992. CAGW had no specific knowledge that they were using CAGW's telephone number as their daytime contact in their correspondence with the FEC on behalf of CMF, since it was represented that no CMF activities would be conducted in CAGW's offices. CAGW also did not know that they were making individual contributions to the Keyes Committee from their own funds. CAGW can hardly be held responsible for these actions, of which it never was even aware.

There is thus absolutely no merit to the argument that the Keyes Committee improperly used CAGW's employees. Alan Keyes and the other three individuals all worked on a full-time basis while employed by CAGW and their performance for CAGW was undiminished by the political campaign activities they conducted on their own time. As noted above, Alan Keyes and Ms. Upton resigned from CAGW almost immediately after he declared his candidacy. Ms. McElhaney and Ms. Bell resigned less than two months later to prevent their political campaign activities from interfering with their work. Unlike the government sector, there is no law that prohibits employees of private corporations (even nonprofit ones) from engaging in political campaign activities on their own time. Accordingly, since these individuals only engaged in political campaign activities on their own time, without interfering with

their normal work or responsibilities for CAGW, there was no improper utilization of CAGW employees by the Keyes Committee.

There is also no basis to the allegation that CAGW's facilities were improperly used by two CAGW employees who were simultaneously working as unpaid volunteers for the Keyes Committee. According to the FEC regulations, an employee of a corporation may use the facilities of its employer for individual volunteer activities in connection with a Federal election. See 11 C.F.R. § 114.9(a)(1). If the activities qualify as an "occasional, isolated, or incidental use," the employee is required to reimburse the corporation only to the extent that the corporation's actual operating costs are increased. There is no stated time when the account must be paid if this rule applies.

The regulations do not define the phrase "occasional, isolated or incidental use," but state that the term generally means, with respect to activity conducted during "working hours, an amount of activity . . . which does not prevent the employee from completing the normal amount of work." Id. at § 114.9(a)(1)(i). A "safe harbor" rule is provided for activity which does not exceed one hour per week or four hours per month, regardless of whether the activity is undertaken during or after regular working hours. Id. at § 114.9(a)(1)(iii).

Although the FEC Regulations are somewhat unclear, it would appear that activities that exceed one hour per week or four hours per month can still qualify as "occasional, isolated or

93043505488

93043505489

incidental," as long as the hours are not substantial and they do not interfere with the employees' normal work.

Even if the volunteer activity is more than "occasional, isolated or incidental," which presumably means that it interferes with an employee's normal work, it does not constitute a violation. The employee must merely reimburse the corporation for the "normal and usual rental charge" for any facilities, goods or services used within a "commercially reasonable time." Id. at § 114.9(a)(2). The term "commercially reasonable time" is not defined.

In this case, the use of CAGW facilities for volunteer campaign activities was "occasional, isolated or incidental," since the activities by these two employees were insubstantial. They were performed on their own time and did not interfere with their normal work load.

In late January, after they left CAGW's employ, Ms. McElhaney and Ms. Bell computed the amount due CAGW for use of CAGW's facilities to be \$2,500, which was paid in full on March 3, 1992, long before the Complaint was filed with the FEC. This \$2,500 amount was estimated on the basis of the usual and normal charge for all items and facilities used, including CAGW office space, postage, copies, telephone, facsimile machine and news service. CAGW was reimbursed for this \$2,500 charge less than 45 days after the amount was computed.

93043505490

Since the \$2,500 amount that CAGW was paid included rental amounts for office space and equipment that did not actually represent any extra out-of-pocket expenses, CAGW was actually reimbursed an amount in excess of that required by 11 C.F.R. § 114.9(a)(2) for the "occasional, isolated and incidental" use of its facilities. This is because CAGW was paid more than the actual extra direct operating costs that were incurred by these two individuals in conjunction with their "occasional, isolated and incidental" volunteer activities. Even if the facts do not support a finding of "occasional, isolated or incidental" use, CAGW was reimbursed for the normal and usual rental charge associated with the types of facilities that were used.

Accordingly, the \$2,500 amount paid was reasonable whichever rule applies, leaving open only the question of timing. In this regard, CAGW did not learn of the amount due until late January and it was paid in full on March 3, 1992 (less than 45 days later). The DSCC Complaint itself states without any authority that "common usage would provide a definition that 'commercially reasonable time' falls within a range of 30 to 60 days," which CAGW clearly satisfied. In any event, CAGW acted in good faith, since the amount was paid to CAGW long before the Complaint was filed.

These facts prove that CAGW did not make any corporate contribution of its staff or facilities to the Keyes Committee in violation of FECA or the FEC regulations. On the contrary, once

9 3 0 4 3 5 0 5 4 9 1

CAGW learned of the extent of the volunteer activities engaged in by Ms. McElhaney and Ms. Bell on CAGW's premises, and long prior to the filing of the DSCC Complaint, these individuals reimbursed the organization for the usual and normal rental charge associated with these activities. Payment was made for office space and equipment usage even though CAGW's facilities were used only on an "occasional, isolated or incidental" basis, and no payment was properly due for these noncash items.

The fact that the \$2,500 reimbursement owed by Ms. McElhaney and Ms. Bell appeared on the Keyes Campaign's year-end report should be of no consequence to CAGW. The campaign itself ostensibly showed this as a debt, because it was estimating the cost of all campaign activities engaged in by its volunteers. What is relevant for purposes of CAGW is that the usual and normal rental charge of \$2,500 was paid to the organization within a commercially reasonable time after it was determined to be owed.

With respect to the personal contributions made to the Keyes campaign by Ms. McElhaney and Ms. Bell, CAGW can in no way be held responsible for these actions. These donations constitute wholly independent activities on the part of two CAGW employees. No employer, including CAGW, has the obligation nor the authority to interfere in the individual political activities of its employees, provided that these activities are in no way authorized or ratified by the employer. CAGW did nothing to

authorize, ratify or otherwise encourage these donations. On the contrary, CAGW had no prior knowledge of these donations. CAGW also did not authorize these two employees to give out CAGW's telephone number for purposes of a daytime contact in their correspondence with the FEC on behalf of CMF.

Although not required to do so, CAGW and CCAGW have decided to avoid any possible recurrence of this type of situation by strictly prohibiting any political campaign activities of any sort in the future in their offices. (A copy of this new policy is attached as Exhibit 34.)

B. The Keyes Committee did not Improperly Use CAGW's Mailing Lists

93043505492  
The DSCC Complaint also attempts to establish that the use of CAGW's mailing lists by the Keyes Committee is somehow tantamount to an unlawful corporate contribution. The use of CAGW's mailing lists by the Keyes campaign in no way supports such a finding. All CAGW mailing lists are sold to outside parties through an authorized third-party broker, Preferred Lists. The Keyes campaign, like all other purchasers of CAGW's mailing lists, purchased the list in question from Preferred Lists. The purchases in question were made in early 1992.

Once a list is sold by Preferred Lists, CAGW is reimbursed by the broker, after the broker is paid by the purchaser. Preferred Lists, not CAGW, is responsible for determining the

credit of the purchaser and for collecting the debt due from the purchaser, in this case, the Keyes Committee.

On July 8, 1992, CAGW received Preferred Lists' first quarter report on CAGW list rentals (Exhibit 35) and learned for the first time that certain amounts owed to Preferred Lists by the Keyes Committee and other list users were past due. As with all other purchasers, any unwillingness or financial inability on the part of the Keyes Committee to pay the full amount due to Preferred Lists is no fault of CAGW and in no way establishes proof that the Keyes Committee received anything of value from CAGW. Accordingly, CAGW did not contribute or otherwise give its mailing lists to the Keyes Committee; it merely approved the sale as it has done for numerous other purchases.

At CAGW's insistence, Preferred Lists is stepping up its efforts to collect the past due amounts from the Keyes Committee and from others who have purchased and failed to pay for them. (Copies of CAGW's letter to Preferred Lists and the demand letters issued by Preferred Lists are attached as Exhibit 36.) As the result of these efforts, the Keyes Committee apparently made a payment to Preferred Lists of \$4,836.10 on September 2, 1992, leaving a balance due of \$5,288.25.

C. The Costs Incurred by CCAGW in Connection with Taxpayer's Action Day did not Violate FECA or the FEC Regulations

The DSCC Complaint alleges that CCAGW's payment of Mr. Keyes' airplane tickets and related expenses to attend

9 3 0 4 3 5 0 5 4 9 4

certain events preceding Taxpayer's Action Day ("TAD") constitutes a campaign contribution, because these trips were actually used for Mr. Keyes' political campaign activities. The DSCC complaint states that "CCAGW paid for Mr. Keyes to travel around under the guise of promoting Taxpayer's Action Day, held in 1991 on October 19th, barely two weeks before Mr. Keyes formally filed as a candidate." This specious claim in the DSCC Complaint makes all the more clear that the Complaint is aimed at Alan Keyes and to further the DSCC's political agenda, not really to attack CCAGW. It also demonstrates a complete lack of knowledge about Taxpayer's Action Day and how the head of the organization functions prior to and during that event.

As discussed in detail in an earlier section, it is a regular duty of the CCAGW President (and senior staff) to publicize rallies through travel to various cities around the nation and to speak at rallies on Taxpayer's Action Day. Alan Keyes traveled around the country in 1990 for the first Taxpayer's Action Day -- long before any serious question could have been raised as to whether or not he was a candidate. He and senior staffers and consultants spoke at various rallies around the country on the first Taxpayer's Action Day, which was held on October 27, 1990.

In 1991, both Alan Keyes and then-senior Vice President Thomas A. Schatz traveled to promote Taxpayer's Action Day, and on October 19th, Alan Keyes, Tom Schatz, and four other CCAGW

9 3 0 4 3 5 0 5 4 9 5

staffers and consultants spoke at Taxpayer's Action Day rallies around the country.

In 1990, Board Chairman J. Peter Grace spoke in Houston and Board member J. P. Bolduc spoke in Detroit. In 1991, Mr. Grace spoke in Detroit and in Orange County, California and Mr. Bolduc spoke in Lubbock and in Houston, Texas.

Assuming arguendo that Alan Keyes was preparing to become a candidate for U.S. Senate at the time these events occurred in 1991, Mr. Keyes' activities were still performed solely to promote Taxpayer's Action Day and speak on behalf of CCAGW. To the best of CCAGW's knowledge, no activity on behalf of the Keyes Committee took place on these trips or on Taxpayer's Action Day itself. His remarks, recorded in part by CCAGW cameras (tapes are available), do not mention any intention to run or declare his candidacy for the U.S. Senate race in Maryland. Accordingly, CCAGW did not support Alan Keyes' candidacy by paying for his travel to promote Taxpayer's Action Day or to speak in his role as CCAGW President on Taxpayer's Action Day. He was merely doing his job.

In summary, at the time of these trips, Mr. Keyes was still the president and a director of CCAGW and he was simply carrying out the duties of his office. Taxpayer's Action Day has been an ongoing activity of CCAGW for many years and Alan Keyes was only one of several CCAGW representatives who participated. Similar TAD activities are planned again for this and future years and

will be attended by the current CCAGW president, directors, and staff. Accordingly, Alan Keyes had a valid purpose for the trips and the expense payments were appropriate.

D. The Arrangement for Continued Insurance Benefits for Keyes and Three Other Former Employees of CAGW does not Violate FECA or the FEC Regulations

The Complaint also calls into question a debt of \$8,980.92 showed owing to CAGW on the Keyes Campaign pre-primary report. This amount includes both the \$2,500 "debt" discussed above and advance payments of \$6,480.92 for insurance premiums paid on behalf of these former employees. These and subsequent insurance payments advanced by CAGW for its former employees do not violate FECA or the FEC regulations for the following reasons.

Consistent with the Comprehensive Omnibus Budget Reconciliation Act of 1987 ("COBRA") (which is not technically applicable to CAGW due to the few number of individuals it employs), it has been CAGW's long-standing policy to make arrangements so that its former employees can continue to purchase insurance coverage for up to eighteen months from CAGW's regular insurance carriers after leaving CAGW's employ. Since its inception, this arrangement has been made available to all former employees of the organization, including Alan Keyes and the other three former CAGW employees at issue. Continued insurance benefits are provided to these four individuals in the spirit of the COBRA legislation, which is applicable to millions of employers and employees in the United States pursuant to an

93043505496

act of Congress. Continued coverage is arranged for these individuals because of their prior working relationship with CAGW, not due to their current positions with the Keyes Committee.

In accordance with the regular practice followed for all regular CAGW employees and the few other CAGW employees who participated in this program in the past, CAGW has initially paid the premium together with its regular group insurance premium and then sought reimbursement from Alan Keyes and the three other employees after the fact. The \$6,480.92 amount due for the months of December to March for these individuals was paid on March 3, 1992. A payment for April of \$2,758.06 was received on April 17, 1992 and a payment for May of \$2,788.06 was received on May 17, 1992. A payment of the \$2,788.06 for June was received on August 7, 1992 and payments of \$2,788.06 each for July and August were made on September 2, 1992. The \$2,788.06 amount due for September has been requested, but not yet paid.

The problem that CAGW faces is that it never has had an established policy as to when repayment must be made by its former employees. The time when regular CAGW employees must reimburse CAGW (which establishes the earliest date that payment can be required under COBRA), is by the end of the month for which CAGW has initially paid for coverage. CAGW is attempting to establish a comparable payment schedule for the four individuals in question and others who may be subject to the

93043505497

9 3 0 4 3 5 0 5 4 9 8

policy, by requesting payment the first of the month and requiring it by the end of the month. CAGW must proceed cautiously in trying to establish this new policy, however, in order to comply with the law and avoid damaging these former employees who, to some extent, are legally protected. (Copies of the new policy adopted as well as correspondence and demands directed at these individuals are included in Exhibit 37.)

CAGW feels that it has been somewhat successful in its efforts to institute its new policy, since the insurance payments for these individuals are now current through August and the September payment is now only three days "late." Although "due" on September 1st under CAGW's new policy, the September payment could not be technically required under COBRA until September 30th (which is the last day it is paid by regular employees through payroll deductions), and even then, some grace period may be required. Under COBRA, CAGW also would have no authority to dictate whether the premiums are paid by the former employee or his/her new employer, since both practices are widely followed and permissible under COBRA.

The fact that the cost of this insurance coverage was shown as a debt to CAGW on the Keyes campaign books and FEC filings does not suggest that CAGW violated FECA or the FEC regulations by arranging for COBRA-like benefits for these former employees. The arrangement that permits these four individuals to continue to purchase insurance from CAGW's regular insurance carriers is

not something being provided to the Keyes Committee, but rather to four individuals who were formerly employed by CAGW, and who just happen to be currently employed by the Keyes Committee. If they were now working somewhere else or they were unemployed, there would be absolutely no question as to the propriety of this arrangement. Accordingly, CAGW is not violating FECA or the FEC regulations by arranging for continued health insurance coverage for its former employees. CAGW is doing the best it can, given applicable legal restrictions, to establish a more timely reimbursement policy for these four individuals. CAGW has been successful in this regard and payments are now virtually current.

V. THE ACTIVITIES OF CAGW AND CCAGW ARE EXEMPT FROM THE REQUIREMENTS OF FECA AND THE FEC REGULATIONS

As demonstrated above, CAGW and CCAGW have not violated FECA or the FEC Regulations. In any event, CAGW and CCAGW are exempt from the requirements of FECA and the FEC Regulations under the exception for mass-membership nonprofit organizations created by the Supreme Court in Federal Election Commission v. Massachusetts Citizens for Life, Inc., 479 U.S. 238 (1986) ("MCFL"). In MCFL, the Supreme Court declared that a mass-membership nonprofit corporation, which was formed to disseminate political ideas, was not bound by FECA and the FEC regulations, because the application of the federal election laws to such an organization would have infringed its First Amendment rights. While recognizing that organizations that amass great

93043505499

93043505500

wealth in the economic marketplace should not gain unfair advantage in the political arena, the Supreme Court stated that "[s]ome corporations have features more akin to voluntary political associations than business firms, and therefore should not have to bear burdens on independent spending solely because of their incorporated status." *Id.* at 263.

The Supreme Court recognized three features essential to its finding that an organization is not bound by FECA's restrictions. First, the organization must be formed for the express purpose of promoting political ideas, and cannot engage in business activities. Second, the organization must have no shareholders or other persons affiliated with it who have a claim on its assets or earnings. Third, the organization must not have been established by a business corporation or a labor union, and must not accept contributions from such entities.

CAGW and CCAGW have a strong argument in favor of applying the MCFL exception. First, both CAGW and CCAGW were formed for the express purpose of promoting political ideas in accordance with the dictates of Internal Revenue Codes §§ 501(c)(3) and 501(c)(4). Furthermore, like MCFL, all contributions received by CAGW and CCAGW are used to further the purposes of the organization, not to benefit its officers, directors, or members. These organizations also do not engage in prohibited business activities. Second, no members or other individuals affiliated with CAGW or CCAGW have a claim to the organization's assets or

93043505501

earnings. Third, the organizations were established by individuals concerned about wasteful government spending, not by a business corporation or labor union. CAGW's corporate contributions, which at most constitute approximately 2% of all of its contributions, are so de minimis as to be insignificant for purposes of qualifying under the MCFL exception. CCAGW, for its part, has a policy strictly prohibiting corporate contributions.

VI. CONCLUSION

The foregoing analysis demonstrates that the DSCC Complaint filed with the FEC is entirely meritless as it relates to CAGW. CAGW in no way acted as a "vehicle" or allowed itself to be used by Alan Keyes to enhance his political campaign prospects. To the contrary, CAGW is an eight-year old nonpartisan and nonprofit organization, which was organized by various individuals, not including Alan Keyes, for the purpose of educating the American people about waste in government. CCAGW was similarly established to lobby against wasteful government spending.

The fact that Alan Keyes was affiliated with CAGW and CCAGW prior to the time he decided to run for Senate is no reason to penalize CAGW or CCAGW. Since Alan Keyes terminated his relationship with CAGW and CCAGW, they have continued to function under new leadership, just as they did prior to Alan Keyes' affiliation with these organizations. Moreover, CAGW and CCAGW have not violated FECA or FEC regulations with respect to the

Keyes Committee or engaged in any other improper political campaign activities.

For the reasons set forth above, there is "no reason to believe" that there was or is likely to be a violation of FECA or the FEC Regulations by CAGW or CCAGW. Accordingly, it is respectfully requested that the Commission take no further action on this matter with respect to CAGW OR CCAGW.

Respectfully submitted,

  
\_\_\_\_\_  
Jeffrey P. Altman  
McKenna & Cuneo  
1575 Eye Street, N.W.  
Suite 800  
Washington, D.C. 20005  
(202) 789-7500

David M. Ifshin  
Ross & Hardies  
888 16th Street, N.W.  
Suite 300  
Washington, D.C. 20006  
(202) 296-8600

COUNSEL FOR CITIZENS AGAINST  
GOVERNMENT WASTE

September 4, 1992

93043505502

UNITED STATES OF AMERICA  
BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of  
Alan Keyes et al.

)  
)  
) MUR 3555  
)  
)

AFFIDAVIT OF THOMAS A. SCHATZ

I, Thomas A. Schatz, being duly sworn, hereby declare under the penalty of perjury that the factual statements contained in the attached submission of Citizens Against Government Waste are true and correct to the best of my information, knowledge and belief.

*Thomas A. Schatz*  
\_\_\_\_\_  
Thomas A. Schatz, President  
Citizens Against Government Waste

Subscribed and sworn to before me this  
4th day of September, 1992.

*J. Marie Mato*  
\_\_\_\_\_  
Notary Public

93043505503

DUE TO THEIR BULK, THE EXHIBITS SUBMITTED WITH THIS RESPONSE  
HAVE BEEN DELETED FROM THE FILE. UPON REQUEST, THEY WILL BE  
MADE AVAILABLE FOR REVIEW AND COPYING.

93043505504



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 3555 E

DATE FILMED 11-9-93 CAMERA NO. 2

CAMERAMAN JMH

93043505505



FEDERAL ELECTION COMMISSION  
WASHINGTON DC 20463

Microfilm  
 Public Records  
 Press

THE FOLLOWING DOCUMENTATION IS ADDED TO  
THE PUBLIC RECORD IN CLOSED MUR 3555.

12/10/93

23043542957

**THE READER IS REFERRED TO ADDITIONAL MICROFILM LOCATIONS  
FOR THE FOLLOWING DOCUMENTS PERTINENT TO THIS CASE**

1. Memo, General Counsel to the Commission, dated September 22, 1992, Subject: Priority System Report. See Reel 354, pages 1590-94.
2. Memo, General Counsel to the Commission, dated April 14, 1993, Subject: Enforcement Priority System. See Reel 354, pages 1595-1620.
3. Certification of Commission vote, dated April 28, 1993. See Reel 354, pages 1621-22.
4. General Counsel's Report, In the Matter of Enforcement Priority, dated December 3, 1993. See Reel 354, pages 1623-1740.
5. Certification of Commission vote, dated December 9, 1993. See Reel 354, pages 1741-1746.

23043542958



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

DEC 10 1993

Alan L. Keyes  
13533 Scottish Autumn Lane  
Darnestown, MD 20878

RE: MUR 3555

Dear Mr. Keyes:

On July 10, 1992, the Federal Election Commission notified you of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no action against you. See attached narrative. Accordingly, the Commission closed its file in this matter.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Richard M. Denholm II  
Attorney

Attachment  
Narrative

Date the Commission voted to close the file: DEC 09 1993

93043542959

MUR 3555  
Alan Keyes for Sen

23043542960

This matter was initiated by a complaint filed by the Democratic Senatorial Campaign Committee. This case involves allegations that one or more committees failed to report campaign activity by Alan Keyes despite the fact that Keyes met the definition of a candidate. The complaint further alleged that these committees failed to report contributor information, received corporate contributions and received excessive contributions. The respondents include: Alan L. Keyes, Keyes for U.S. Senate, Campaign for Maryland's Future, and Citizens Against Government Waste. The amount in violation is not specific. In response, Keyes for U.S. Senate stated that it conducted activity through a testing the waters committee, and it did file and report once Keyes decided to become a candidate. The committee denied that it received excessive contributions. The committee did admit that it used office space and services of a non-profit corporation, Citizens Against Government Waste, but the committee reimbursed Citizens Against Government Waste for the space and services. The committee denied that it committed reporting violations. Campaign for Maryland's Future responded and denied that it made excessive contributions to the Keyes committee. Citizens Against Government Waste responded and argued that it at no time was used as a vehicle to benefit the Keyes campaign and did not make a corporate contribution. In addition, Citizens Against Government Waste argued that there was no improper use of its facilities or employees. However, Citizens Against Government Waste stated that the Keyes committee reimbursed it for use of its facilities and employees. Citizens Against Government Waste also argued that as a non-profit, mass-membership organization, it was exempt from the requirements of the FECA.

This matter involves no significant issue relative to the other issues pending before the Commission and no substantial amounts of money.



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

DEC 10 1993

Robin Y. McElhanev, Treasurer  
Campaign for Maryland's Future  
(FKA Alan Keyes for Senate)  
5926 Surrats Village Dr.  
Clinton, MD 20735

RE: MUR 3555

Dear Ms. McElhanev:

On July 10, 1992, the Federal Election Commission notified you of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no action against Campaign for Maryland's Future (FKA Alan Keyes for Senate) and you, as treasurer. See attached narrative. Accordingly, the Commission closed its file in this matter.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Richard M. Denholm II  
Attorney

Attachment  
Narrative

Date the Commission voted to close the file: DEC 09 1993

23043542961

MUR 3555  
Alan Keyes for Sen

23043542962

This matter was initiated by a complaint filed by the Democratic Senatorial Campaign Committee. This case involves allegations that one or more committees failed to report campaign activity by Alan Keyes despite the fact that Keyes met the definition of a candidate. The complaint further alleged that these committees failed to report contributor information, received corporate contributions and received excessive contributions. The respondents include: Alan L. Keyes, Keyes for U.S. Senate, Campaign for Maryland's Future, and Citizens Against Government Waste. The amount in violation is not specific. In response, Keyes for U.S. Senate stated that it conducted activity through a testing the waters committee, and it did file and report once Keyes decided to become a candidate. The committee denied that it received excessive contributions. The committee did admit that it used office space and services of a non-profit corporation, Citizens Against Government Waste, but the committee reimbursed Citizens Against Government Waste for the space and services. The committee denied that it committed reporting violations. Campaign for Maryland's Future responded and denied that it made excessive contributions to the Keyes committee. Citizens Against Government Waste responded and argued that it at no time was used as a vehicle to benefit the Keyes campaign and did not make a corporate contribution. In addition, Citizens Against Government Waste argued that there was no improper use of its facilities or employees. However, Citizens Against Government Waste stated that the Keyes committee reimbursed it for use of its facilities and employees. Citizens Against Government Waste also argued that as a non-profit, mass-membership organization, it was exempt from the requirements of the FECA.

This matter involves no significant issue relative to the other issues pending before the Commission and no substantial amounts of money.



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

DEC 10 1993

Jeffrey P. Altman, Esquire  
McKenna & Cuneo  
1575 Eye Street, N.W.  
Washington, D.C. 20005

RE: MUR 3555  
Citizens Against Government  
Waste

Dear Mr. Altman:

On July 10, 1992, the Federal Election Commission notified your client of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no action against Citizens Against Government Waste. See attached narrative. Accordingly, the Commission closed its file in this matter.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Richard M. Denholm II  
Attorney

Attachment  
Narrative

Date the Commission voted to close the file: DEC 09 1993

23043542963

MUR 3555  
Alan Keyes for Sen

23043542964

This matter was initiated by a complaint filed by the Democratic Senatorial Campaign Committee. This case involves allegations that one or more committees failed to report campaign activity by Alan Keyes despite the fact that Keyes met the definition of a candidate. The complaint further alleged that these committees failed to report contributor information, received corporate contributions and received excessive contributions. The respondents include: Alan L. Keyes, Keyes for U.S. Senate, Campaign for Maryland's Future, and Citizens Against Government Waste. The amount in violation is not specific. In response, Keyes for U.S. Senate stated that it conducted activity through a testing the waters committee, and it did file and report once Keyes decided to become a candidate. The committee denied that it received excessive contributions. The committee did admit that it used office space and services of a non-profit corporation, Citizens Against Government Waste, but the committee reimbursed Citizens Against Government Waste for the space and services. The committee denied that it committed reporting violations. Campaign for Maryland's Future responded and denied that it made excessive contributions to the Keyes committee. Citizens Against Government Waste responded and argued that it at no time was used as a vehicle to benefit the Keyes campaign and did not make a corporate contribution. In addition, Citizens Against Government Waste argued that there was no improper use of its facilities or employees. However, Citizens Against Government Waste stated that the Keyes committee reimbursed it for use of its facilities and employees. Citizens Against Government Waste also argued that as a non-profit, mass-membership organization, it was exempt from the requirements of the FECA.

This matter involves no significant issue relative to the other issues pending before the Commission and no substantial amounts of money.



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

DEC 10 1992

Robin Y. McElhaney, Treasurer  
Alan Keyes for U.S. Senate  
11777 Parklawn Drive  
Rockville, MD 20852

RE: MUR 3555

Dear Ms. McElhaney:

On July 10, 1992, the Federal Election Commission notified you of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no action against Alan Keyes for U.S. Senate and you, as treasurer. See attached narrative. Accordingly, the Commission closed its file in this matter.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Richard M. Denholm II  
Attorney

Attachment  
Narrative

Date the Commission voted to close the file: DEC 09 1992

23043542965

MUR 3555  
Alan Keyes for Sen

23043542966

This matter was initiated by a complaint filed by the Democratic Senatorial Campaign Committee. This case involves allegations that one or more committees failed to report campaign activity by Alan Keyes despite the fact that Keyes met the definition of a candidate. The complaint further alleged that these committees failed to report contributor information, received corporate contributions and received excessive contributions. The respondents include: Alan L. Keyes, Keyes for U.S. Senate, Campaign for Maryland's Future, and Citizens Against Government Waste. The amount in violation is not specific. In response, Keyes for U.S. Senate stated that it conducted activity through a testing the waters committee, and it did file and report once Keyes decided to become a candidate. The committee denied that it received excessive contributions. The committee did admit that it used office space and services of a non-profit corporation, Citizens Against Government Waste, but the committee reimbursed Citizens Against Government Waste for the space and services. The committee denied that it committed reporting violations. Campaign for Maryland's Future responded and denied that it made excessive contributions to the Keyes committee. Citizens Against Government Waste responded and argued that it at no time was used as a vehicle to benefit the Keyes campaign and did not make a corporate contribution. In addition, Citizens Against Government Waste argued that there was no improper use of its facilities or employees. However, Citizens Against Government Waste stated that the Keyes committee reimbursed it for use of its facilities and employees. Citizens Against Government Waste also argued that as a non-profit, mass-membership organization, it was exempt from the requirements of the FECA.

This matter involves no significant issue relative to the other issues pending before the Commission and no substantial amounts of money.



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

DEC 10 1993

Robert F. Bauer, Esquire  
Judith L. Corley, Esquire  
Perkins Coie  
607 14th Street, N.W.  
Washington, DC 20005

RE: MUR 3555

Dear Mr. Bauer and Ms. Corley:

On July 6, 1992, the Federal Election Commission received your complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act").

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no action against Alan L. Keyes, Alan Keyes for U.S. Senate and Robin Y. McElhaney, as treasurer, Campaign for Maryland's Future (FKA Alan Keyes for Senate) and Robin Y. McElhaney, as treasurer, and Citizens Against Government Waste. See attached narrative. Accordingly, the Commission closed its file in this matter. This matter will become part of the public record within 30 days.

The Act allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a)(8).

Sincerely,

Richard M. Denholm II  
Attorney

Attachment  
Narrative

Date the Commission voted to close the file: DEC 09 1993

23043542967

MUR 3555  
Alan Keyes for Sen

23043542968

This matter was initiated by a complaint filed by the Democratic Senatorial Campaign Committee. This case involves allegations that one or more committees failed to report campaign activity by Alan Keyes despite the fact that Keyes met the definition of a candidate. The complaint further alleged that these committees failed to report contributor information, received corporate contributions and received excessive contributions. The respondents include: Alan L. Keyes, Keyes for U.S. Senate, Campaign for Maryland's Future, and Citizens Against Government Waste. The amount in violation is not specific. In response, Keyes for U.S. Senate stated that it conducted activity through a testing the waters committee, and it did file and report once Keyes decided to become a candidate. The committee denied that it received excessive contributions. The committee did admit that it used office space and services of a non-profit corporation, Citizens Against Government Waste, but the committee reimbursed Citizens Against Government Waste for the space and services. The committee denied that it committed reporting violations. Campaign for Maryland's Future responded and denied that it made excessive contributions to the Keyes committee. Citizens Against Government Waste responded and argued that it at no time was used as a vehicle to benefit the Keyes campaign and did not make a corporate contribution. In addition, Citizens Against Government Waste argued that there was no improper use of its facilities or employees. However, Citizens Against Government Waste stated that the Keyes committee reimbursed it for use of its facilities and employees. Citizens Against Government Waste also argued that as a non-profit, mass-membership organization, it was exempt from the requirements of the FECA.

This matter involves no significant issue relative to the other issues pending before the Commission and no substantial amounts of money.