



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 3627

DATE FILMED 6-22-91 CAMERA NO. 2

CAMERAMAN JMH

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OGC 6319

August 31, 1992

From: Loron William Knowlen
14418 Dickens St. #6
Sherman Oaks, CA. 91423
818-986-3601 w/machine

To: Federal Election Commission
General Council
999 E Street
Washington D.C. 20463

Re: Jack McGrath d/b/a Ross The Boss Committee (FEC # C0026978)
and 1-800-GO-PEROT

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE
92 SEP -3 PM 3:11

My employment: July 6, 1992 - August 7, 1992

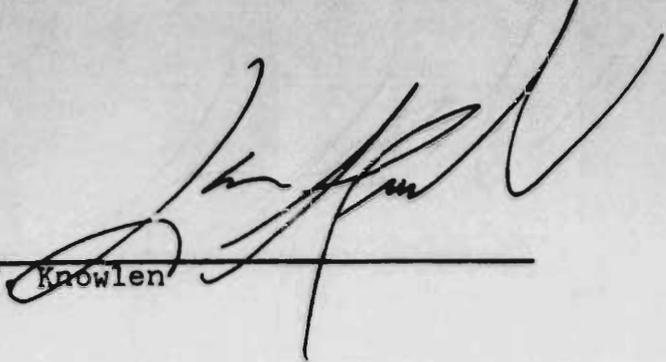
General Council,

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I became employed as Mr. McGraths personal assistant in regard to all activities of the Ross The Boss Committee and 1-800-GO-PEROT also joint activities in regard to the National Leadership Convention chaired by Mr. William Guy. The agreement between Mr. McGrath and myself was that I was to be paid in full by him in the amount of \$100.00 on or before each Friday of every week. The activities I was to preform ranged from assisting Mr. McGrath and Mr. William Guy in regard to selling T-Shirts, bumperstickers, videos, and other items marketed through the distribution arm of his organization (Ross The Boss Committee & 1-800-GO-PEROT) I also was requested to assist Mr. William Guy in regard to the National Leadership Convention. The activities I preformed for Mr. Guy ranged from clerical work to solicitation of people whom had called the 1-800 GO-PEROT number in regard to them attending the National Leadership Convention.

August 7, 1992 I was laid-off by Mr. McGrath and was given a personal check for the balance of wages due. To this date I have not been able to cash the check at the bank because of non sufficient funds . I have asked Mr. McGrath to make good on the check as he has not. Therefore I am making a formal complaint to your organization in regard to back wages owed to me by the Ross The Boss Committee & 1-800-GO-PEROT (Jack McGrath) I am requesting clear, written, detailed, instructions as to how I should proceed through your organization in regard to me obtaining the back wages owed me by Mr. McGrath d/b/a Ross The Boss Committee and 1-800-GO-PEROT . Perhaps your organization can influence Mr. Jack McGrath to make payment in full of back wages owed me. I anxiously await your written responce.

Sincerely,



Loron W. Knowlen

(cc.)

Jack McGrath d/b/a Ross The Boss Committee and 1-800-GO-PEROT

William Guy, Chairman National Leadership Convention a/k/a
"Thanks Perot here we go"

(encl.)

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★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★
 ★ **1-800-GO-PEROT** ★
 ★ 12439 Magnolia Boulevard #222 ★
 ★ North Hollywood, California 91607 ★
 ★
 ★ Loron W. Knowlen ★
 ★ HQ. (818) 506-3841 • Res. (818) 986-3601 ★
 ★ Alt. (818) 763-8667 • Alt. (818) 763-8860 ★
 ★
 ★ Grassroots Support for Perot ★
 ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★

1-800-GO-PEROT
12439 Magnolia Boulevard #222
North Hollywood, California 91607

GOVERNOR JERRY BROWN TO ADDRESS PEROT SUPPORTERS CONVENTION
IN LOS ANGELES

Former Governor Jerry Brown, a candidate for the Democratic Nomination for President of the United States, will be the keynote speaker at the Perot Supporters National Convention on August 27-30, 1992, at the world famous Sportsman's Lodge Hotel and Restaurant in Studio City, California.

Gov. Brown will address the Perot Supporters representing a cross section of the United States on Saturday, at 8 PM in the Empire Ballroom. The theme of the convention is "Lets Rebuild".

Seminars will be held on other days to teach attendees how to organize their community on a grass roots basis on independent fund raising technics, use of toll free 800 telephone lines, and other methods to challenge existing political structures on the City, County, State and Federal level.

The main convention program including Brown's speech will be sent via satellite to television and cable stations throughout the U.S. and the 3.5 million homes with individual satellite receivers.

Major cities throughout the U.S. will hold similar convention conferences and will be linked to Studio City, California to provide a large town hall conference, to communicate ideas and concepts for future political action by Perot Supporters.

For further press information, contact Jack McGrath at 818/506-6428.

For hotel and conference reservations, contact Willian Guy, Convention Chairperson at 818/763-6784.

End

Grassroots Support for Perot



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 11, 1992

Loron William Knowlen
14418 Dickens Street #6
Sherman Oaks, CA 91423

Dear Mr. Knowlen:

This is to acknowledge receipt on September 3, 1992, of your letter dated August 31, 1992. The Federal Election Campaign Act of 1971, as amended ("the Act") and Commission Regulations require that the contents of a complaint meet certain specific requirements. One of these requirements is that a complaint be sworn to and signed in the presence of a notary public and notarized. Your letter did not contain a notarization on your signature and was not properly sworn to.

In order to file a legally sufficient complaint, you must swear before a notary that the contents of your complaint are true to the best of your knowledge and the notary must represent as part of the jurat that such swearing occurred. The preferred form is "Subscribed and sworn to before me on this ____ day of ____, 19__." A statement by the notary that the complaint was sworn to and subscribed before him/her also will be sufficient. We are sorry for the inconvenience that these requirements may cause you, but we are not statutorily empowered to proceed with the handling of a compliance action unless all the statutory requirements are fulfilled. See 2 U.S.C. § 437g.

Enclosed is a Commission brochure entitled "Filing a Complaint." I hope this material will be helpful to you should you wish to file a legally sufficient complaint with the Commission. The file regarding this correspondence will remain confidential for a 15 day time period during which you may file an amended complaint as specified above. If the defects are not cured and the allegations are not refiled, no additional notification will be provided and the file will be closed.

If you have any questions concerning this matter, please contact me at (202) 219-3410.

Sincerely,

Retha Dixon
Docket Chief

Enclosure

cc: Ross the Boss Committee
1-800-GO-PEROT

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SEP 23 12 00 PM '92

September 23, 1992

MUR 3627

92 SEP 28 PM 4: 00

From: Leron William Knowlen
14418 Dickens St. #6
Sherman Oaks, CA. 91423
818-986-3601 w/machine

To: Retha Dixon, Docket Chief
Federal Election Commission
Office of General Council
999 E Street
Washington, D.C. 20463

Re: My employment and back wages due me by Jack McGrath d/b/a
Ross The Boss Committee (FEC #C00269787) and 1-800-GO-PEROT

Retha Dixon,

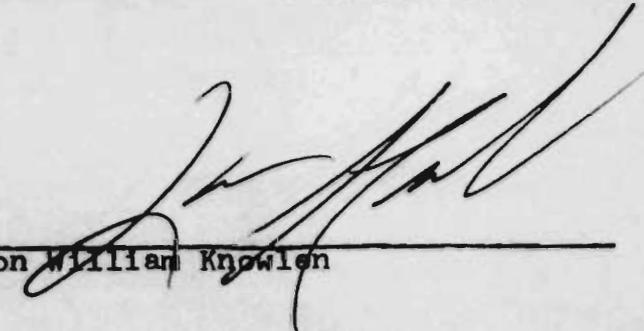
Thank you for your letter to me on September 11, 1992 in regard to Jack McGrath d/b/a Ross The Boss Committee and 1-800-GO-PEROT . As requested I am making my formal complaint and it has been notarized and also I am enclosing Mr. McGrath's organization new address under 1-800-GO-PEROT "Ross Perot's answering service". I hope the following notarized statement will meet your requirements.

My statement and complaint is as follows:

In order for me to file a legally sufficient complaint with the Federal Election Commission against Jack McGrath d/b/a Ross The Boss Committee and 1-800-GO-PEROT at 1833 West 8th Street Suite 100 Box #198 Los Angeles, California 90057 , I must swear before a notary that this statement and it's contents are true to the best of my knowledge. On August 7, 1992 I was laid-off by Jack McGrath as his personal assistant for his organization of Ross The Boss Committee and 1-800-GO-PEROT . From him I was given a personal check drawn on his account at the Bank of American Branch for the last wages owed me the amount of \$100.00 . To this date I have not been able to cash the check

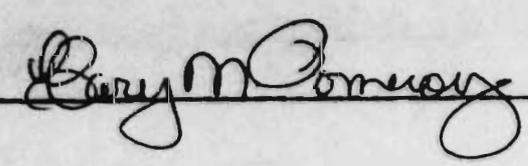
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at his bank because of non sufficient funds . I have asked Mr. McGrath to make good on his check and he has not. Therefore in connection therewith Iam requesting of the commission to take all statutorily empowered acts to proceed in demanding that Mr. McGrath pay the back wages owed me since I was an employee of his committee in support of Ross Perot for president.

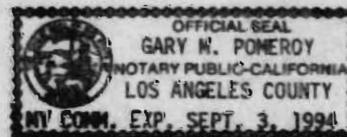


Loron William Knowlen

Mr. Loron William Knowlen of 14418 Dickens Street #6 Sherman Oaks, California 91423 came and subscribed and sworn to before me on this 24TH day of SEPTEMBER, 1992



NOTARY



(cc.)

Jack McGrath
1833 West 8th Street
Suite #100
Box 198
Los Angeles, CA. 90057
818-506-6428
encl. 1

Ross Perot
c/o The Perot Group
17th Floor, Lakeside Square
12377 Merit Drive
Dallas, TX. 75251

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JACK MCGRATH

AUG 11, 92 085

16-66/1220

PAY TO THE ORDER OF

LORON KNOWLEN

100.00

one hundred dollars and no cents DOLLARS

Bank of America

Studio City Branch 0247
P.O. Box 1007
Studio City, CA 91604

MEMO

way AUG

Jill M. Grath

[Redacted]

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Inc. N. 00

9/2	RETURNED	NSF
9/3	RETURNED	NSF
9/10	RETURNED	NSF
9/14	RETURNED	NSF
9/15	RETURNED	NSF
9/22	RETURNED	NSF
9/23	RETURNED	NSF

8/11	RETURNED	NSF
8/12	RETURNED	NSF
8/13	RETURNED	NSF
8/20	RETURNED	NSF
8/28	RETURNED	NSF

PROCESS DATE 8-11-92
 CHECK: 085
 AMOUNT: 100.00
 ACCOUNT: [Redacted]
 ACCOUNT NAME: MCGRATH

[Handwritten signature]



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 2, 1992

Loron William Knowlen
14418 Dickens Street, #6
Sherman Oaks, CA 91423

RE: MUR 3627

Dear Mr. Knowlen:

This letter acknowledges receipt on September 28, 1992, of your complaint alleging possible violations of the Federal Election Campaign Act of 1971, as amended ("the Act"), by the Ross the Boss Committee, and Jack W. McGrath, as treasurer, and 1-800-GO-PEROT. 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 3627. 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,

Lisa E. Klein
Assistant General Counsel

Enclosure
Procedures

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 2, 1992

Jack W. McGrath, Treasurer
Ross the Boss Committee
1833 West 8th Street
Suite 100
Los Angeles, CA 90057

RE: MUR 3627

Dear Mr. McGrath:

The Federal Election Commission received a complaint which indicates that the Ross the Boss Committee ("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 3627. 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.

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Jack W. McGrath, Treasurer
Ross the Boss Committee
Page 2

If you have any questions, please contact Craig D. Reffner, 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,



Lisa E. Klein
Assistant General Counsel

Enclosures

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

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 2, 1992

Jack W. McGrath, Treasurer
Ross the Boss Committee
12439 Magnolia Boulevard
Suite 222
North Hollywood, CA 91607

RE: MUR 3627

Dear Mr. McGrath:

The Federal Election Commission received a complaint which indicates that the Ross the Boss Committee ("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 3627. 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.

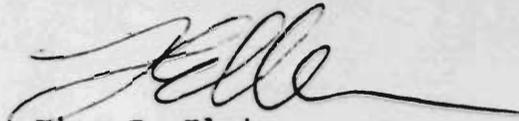
This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed 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.

94043544633

Jack W. McGrath, Treasurer
Ross the Boss Committee
Page 2

If you have any questions, please contact Craig D. Reffner, 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,



Lisa E. Klein
Assistant General Counsel

Enclosures

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

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 2, 1992

1-800-GO-PEROT
12439 Magnolia Boulevard
Suite 222
North Hollywood, CA 91607

RE: MUR 3627

Dear Sir or Madam:

The Federal Election Commission received a complaint which indicates that 1-800-GO-PEROT 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 3627. 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 1-800-GO-PEROT 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.

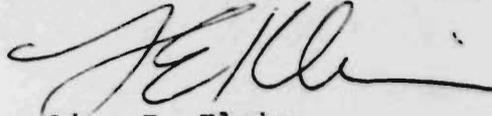
This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed 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.

94043544635

1-800-GO-PEROT
Page 2

If you have any questions, please contact Craig D. Reffner, 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,



Lisa E. Klein
Assistant General Counsel

Enclosures

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

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RECEIVED
FEDERAL ELECTION
COMMISSION
MAIN COPY ROOM

October 19, 1992

Oct 21 11 31 AM '92

From: Loron William Knowlen
14418 Dickens St. #6
Sherman Oaks, CA. 91423
818-986-3601 w/machine

To: Retha Dixon, Docket Chief
Federal Election Commission
Office of General Council
999 E. St.
Washington, D.C. 20463

Re: Mur 3627 Request for dismissal

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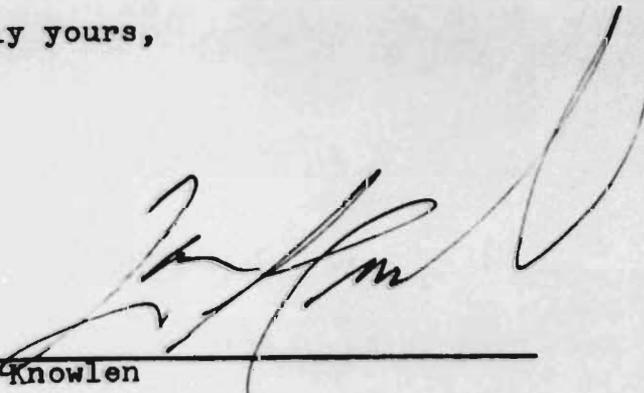
FEDERAL RECEIVED
OFFICE OF GENERAL COUNCIL
COMMISSION

Retha Dixon,

In regard to back wages owed me by
Mr. Jack McGrath of the Ross The Boss Committee and 1-800-GO-PEROT
I am requesting a full and complete dismissal of all charges
against the defendant because I was able to cash the paycheck
and therefore with prejudice (I can not sue again on same cause
of action) request that Mur file 3627 be closed.

I thank you for your offices cooperation
in this matter and further hope that this letter can be used as
the official documentation to request for dismissal.

Very truly yours,



Loron W. Knowlen

(cc.)

Jack McGrath

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 23, 1992

Loron William Knowlen
14418 Dickens Street, #6
Sherman Oaks, California 91423

RE: MUR 3627

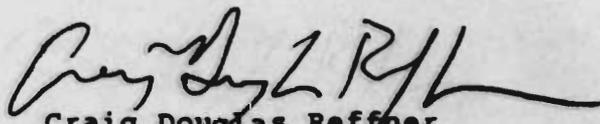
Dear Mr. Knowlen:

This is in reference to your letter dated October 19, 1992, requesting that the complaint you filed against Ross the Boss Committee, and Jack W. McGrath, as treasurer, and 1-800-GO-PEROT be withdrawn.

Under 2 U.S.C. § 437g, the Federal Election Commission is empowered to review a complaint properly filed with it and to take action which it deems appropriate under the Federal Election Campaign Act of 1971, as amended ("the Act"). A request for withdrawal of a complaint will not prevent the Commission from taking appropriate action under the Act. Your request will become part of the public record within 30 days after the entire file is closed.

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

Sincerely,


Craig Douglas Reffner
Attorney

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After reviewing the relevant provisions of the Statute and Regulations this report addresses individually the matters as they pertain to first, and then, of Mr. Perot.

II. FACTUAL & LEGAL ANALYSIS

A. The Law

According to the Federal Election Campaign Act of 1971, as amended ("the Act"), a contribution or expenditure is defined to include any direct or indirect payment, distribution, loan, advance, deposit, or gift of money or any services or anything of value to any candidate, campaign committee, political party or organization in connection with any federal election. 2 U.S.C. § 441b(b)(2). The Act makes it illegal for a person to make contributions to any candidate with respect to any election for Federal office which, in the aggregate, exceed \$1,000, and makes it illegal for a political committee to knowingly accept such a contribution. 2 U.S.C. §§ 441a(a)(1)(A) and 441a(f).

The value of services provided without compensation by any individual who volunteers on behalf of a candidate or political committee is not considered a contribution. 2 U.S.C. § 431(9)(B)(vi). However, the costs incurred by an individual from personal funds for providing goods or services on behalf of a

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candidate are considered contributions in-kind. Therefore, if an individual performs a service or provides goods in cooperation with the committee, the value of such are considered to be "in-kind" contributions. As such the expenses are subject to the limits of the Act and must be reported by the committee both as contributions received and expenditures. 11 C.F.R. § 109.1.

Exempted from the definition of a contribution are any unreimbursed payments from a volunteer's personal funds for usual and normal subsistence expenses incidental to volunteer activity. Also exempted from the definition of contribution are unreimbursed transportation expenses by an individual on behalf of a candidate, provided the expenses do not exceed \$1,000 with respect to any single election in a calendar year. 11 C.F.R. § 100.7(b)(8). Non-exempt transportation and subsistence cost while traveling on behalf of a candidate or committee are contributions unless the individual is reimbursed within thirty days (sixty days for credit card purchases). 11 C.F.R. § 116.5. Political committees shall treat as debts such obligations until the individual is reimbursed or a debt settlement plan review is completed. 11 C.F.R. § 116.5(d).

The Act defines a political committee to be any group of persons which receives contributions aggregating in excess of \$1,000 during a calendar year or which makes expenditures aggregating in excess of \$1,000 during a calendar year. 2 U.S.C. § 431(4). Political committees are required under the Act to register and file periodic financial disclosure reports to the Federal Election Commission. 2 U.S.C. §§ 433 and 434.

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According to 2 U.S.C. § 434(b)(8), political committees filing reports under the Act shall disclose the amount and nature of outstanding debts and obligations owed by or to such political committees. Furthermore, a political committee shall report a disputed debt, (provided the creditor has provided something of value) and shall continue to disclose the debt on the appropriate reports until the dispute is resolved. 11 C.F.R. § 116.10(a).

With regard to salary payments to campaign staff, if a political committee does not pay an employee for services rendered to the political committee in accordance with an employment contract or a formal or informal agreement to do so, the unpaid amount either may be treated as a debt owed by the committee to the employee or, provided that the employee signs a written statement agreeing to be considered a volunteer, converted to a volunteer services arrangement, and thereby the unpaid amount shall not be considered a contribution. The political committee must continue to report the obligation until either the debt settlement is approved, the employee agrees to convert to become a volunteer, or the committee pays the debt. 11 C.F.R. § 116.6.

The Act prohibits any corporation whatever from making any contribution or expenditure in connection with any federal election and prohibits any candidate or political committee from knowingly accepting such a prohibited contribution or expenditure. 2 U.S.C. § 441b.

Whenever any person makes an expenditure for the purpose of financing communications expressly advocating the election or defeat of a clearly identified candidate through any general

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public political advertising, such communication shall clearly state who paid for the communication. 2 U.S.C. § 441d(a). Bumper stickers and similar small items upon which a disclaimer can not be conveniently printed are exempted from carrying a disclaimer. 11 C.F.R. § 110.11(a)(2).

A political committee may maintain a petty cash fund for disbursements not in excess of \$100 to any person in connection with a single purchase or transaction. 2 U.S.C. § 432(h)(2).

B. The Matters Under Review (MURs)

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NOTICE

PAGES 6 THROUGH 16 REFLECT INFORMATION WHICH IS NOT RELEVANT
TO THESE RESPONDENTS

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2. MURs Involving Perot Presidential Campaign

a. MUR 3627

Loron W. Knowlen filed a complaint on September 28, 1992, against 1-800-GO-PEROT and the Ross the Boss Committee and Jack W. McGrath, as treasurer, alleging that the two committees had failed to pay him his promised wages. Attachment 10.

According to Knowlen, he had an agreement to be paid wages of \$100 per week by McGrath for work performed in connection with the Ross the Boss Committee and 1-800-GO-PEROT. On August 7, 1992, upon termination of his employment, Knowlen was issued a personal check from McGrath for \$100, representing the balance of wages due. When Knowlen attempted to cash the check he was unable to do so because McGrath's account was overdrawn. Between August 11 and September 23, 1993, Mr. Knowlen made eleven more unsuccessful attempts to cash the check.¹¹ McGrath has not responded.

The 1-800-GO-PEROT organization is not a registered committee with the FEC. The Ross the Boss Committee is a registered political committee for which Jack McGrath filed a Statement of Organization on September 21, 1992, declaring the committee as an independent expenditure committee having no affiliated committees. Attachment 11. According to Commission Regulations, if a political committee does not pay an employee for services rendered

11. On October 21, 1992, after filing his complaint, this Office received from Mr. Knowlen a letter requesting "a full and complete dismissal of all charges" because he was able to cash the check. Mr. Knowlen was sent a letter from this Office on October 23, 1992, informing him that his request to withdraw his complaint will not prevent the Commission from taking appropriate action.

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to the committee, the unpaid amount must be reported as a debt owed by the committee to the employee. 11 C.F.R. § 116.5. Accordingly, this Office recommends that the Commission find reason to believe that Ross the Boss Committee and Jack W. McGrath, as treasurer, violated 2 U.S.C. § 434(b)(8) for failing to report a debt.¹² In addition, because the 1-800-GO-PEROT organization is not a political committee and apparently had little or no involvement, this Office also recommends that the Commission find no reason to believe that 1-800-GO-PEROT violated any provision of the Act based on the complaint in MUR 3627.

b. MUR 3679

The Commission received a complaint from Orville H. Brettman on October 28, 1992, in which allegations are made against the Perot Petition Committee ("PPC"). Attachment 12. Mr. Brettman explains that he opened a campaign headquarters in McHenry County, Illinois to organize and circulate petitions to place Ross Perot's name on the presidential campaign ballot. He states that the office was manned by volunteers and that "we accrued" rental and office expenses of \$4,925. He also states that he was instructed to submit the bills for reimbursement to the Perot state headquarters and then to the national campaign headquarters in Dallas, Texas. Brettman states that he has submitted invoices for the expenses but has received no reimbursement from the Perot campaign.

12. The Committee has not filed any of their required reports. The Reports Analysis Division has indicated that, pursuant to their thresholds, that Division will not be pursuing any violations against this Committee.

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On December 10, 1992, the Perot '92 committee filed its response to the complaint. Attachment 13. Perot '92 explains that tens of thousands of individuals worked toward putting Perot's name on the presidential ballot, many of whom were active before the formation of the PPC. Some volunteers in each state served the campaign in an official capacity "but the vast majority of volunteers remained independent of the PPC." The PPC was aware of this and took precautions to ensure campaign "officials" avoided making contact with independent volunteers so as not to jeopardize independent expenditures. Apparently, the PPC had no knowledge of a McHenry County headquarters or complainant Brettman until he attempted to be reimbursed by the PPC.

According to the Perot response, the PPC's Illinois field representative met with many of the self-selected volunteers in Chicago on April 20, 1992, and states that Mr. Brettman was not in attendance. The PPC states that it also inspected and reviewed each facility it authorized as headquarters and that Mr. Brettman's headquarters was not reviewed. The Perot '92 committee maintains that if Mr. Brettman incurred any expenses in connection with a Perot campaign office, they were incurred without the knowledge and authorization of the PCC.

The Act defines a political committee to be any group of persons which receives contributions aggregating in excess of \$1,000 during a calendar year or which makes expenditures aggregating in excess of \$1,000 during a calendar year.

2 U.S.C. § 431(4). Political committees are required under the

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Act to register and file periodic financial disclosure reports to the Federal Election Commission.

It appears that Mr. Brettman incurred expenses in support of the Perot campaign but that he acted independently of the PPC. Neither the complainant nor the respondent have provided evidence that any cooperation or consultation existed between the two parties. Although the complainant states that he was instructed to submit the bills for reimbursement, he does not identify who gave him those instructions. The expenses for the McHenry County headquarters are therefore expenditures made by Brettman's volunteers and not an obligation of the Perot campaign. Therefore, this Office recommends that the Commission find no reason to believe that the Perot '92 and Mike Poss, as treasurer (aka Perot Petition Committee), violated any provision of the Act with regard to the complaint filed in MUR 3679.

Furthermore, Brettman's organization, by making expenditures in excess of \$1,000 during a calendar year, was required to have filed a Statement of Organization and report its expenditures to the FEC as a political committee. It appears then, that Orville Brettman violated 2 U.S.C. §§ 433 and 434(a)(1).

c. MUR 3726

On December 22, 1992, the Commission received a complaint from Dennis L. Hemmerle, in which he makes allegations against Perot '92 ("Perot Committee"). Attachment 14. Mr. Hemmerle states that he "advanced \$8,271.79 on behalf of Ross Perot's candidacy with the clear understanding and expectation that [he] would ultimately be reimbursed." The alleged expenses are largely

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telephone, mailing and office rental charges related to Mr. Hemmerle's campaign activities to place Mr. Perot's name on the ballot in California. He states that in response to his request for reimbursement, Perot '92 Associate General Counsel Daniel Routman refused to authorize reimbursement because Hemmerle's expenses were not authorized and therefore, considered by the PPC to be independent expenditures. Mr. Routman reiterated the Perot '92 position in their response to the complaint, filed on February 9, 1993. Attachment 15.

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The complaint includes information that shows Hemmerle had a working relationship with the Perot Committee. According to Hemmerle's complaint, and a corroborating statement by Routman, Mr. Hemmerle was selected as one of Perot's California Electors. In addition, from the information attached to his complaint, Hemmerle was actively working in some capacity within the Perot volunteer communications network in California. The complaint includes numerous letters and memoranda received and distributed by Hemmerle indicating contact with persons he alleges are Perot campaign officials. Hemmerle also includes detailed expense records and copies of check requests that he sent to PPC-California. He states that he was informed by Perot officials that his expenses would be reimbursed and therefore continued to incur expenses during the period of Perot's withdrawal as a presidential candidate because he was never told that he should stop.

The Perot Committee argues that Hemmerle was working independently and without authorization to incur expenses. The

Perot Committee acknowledges that Hemmerle was selected as a Perot California elector but, emphasizes that he never held a paid position for the campaign. Furthermore, the Perot Committee states that persons claimed by Hemmerle to have directed him to incur expenses never had expenditure authorization. The Perot Committee also argues that Hemmerle's claimed expenses for office rental space are calculated in inappropriate use percentages and that many of the claimed expenses occurred between July 16 and October 1, 1992, the dates that Perot announced that he would not be a candidate. The Perot Committee states that during the period that Perot was not an official candidate the Perot campaign had issued instructions to all volunteer offices across the country not to incur expenses.

For an expenditure to be considered "independent" under the Act, it must be made without cooperation or consultation with any candidate, and not made in concert with, or at the request of suggestion of, any candidate, or any authorized committee or agent of such candidate. 2 U.S.C. § 431(17). Hemmerle's strong ties to the campaign and the many occasions of contact between Hemmerle and the Perot campaign make it unlikely that the expenses Hemmerle incurred were independent expenditures. There is also no evidence of any existing employment contract or agreement between Hemmerle and the Committee to indicate that Hemmerle was a campaign employee. It appears then that Hemmerle was performing services for the committee at the request of agents of Perot '92 and was apparently working as a volunteer for the Perot campaign. The expenses that he incurred were therefore either in-kind

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contributions or expenses for which Hemmerle was to be reimbursed. If the \$8,271 worth of expenses are considered in-kind contributions, Hemmerle would have exceeded the Act's limit on individual contributions and Perot '92 would be in violation for accepting that excessive contribution.

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The evidence that the expenses were incurred with expectation for reimbursement is compelling. Hemmerle stated in his complaint that he incurred the costs expecting to be reimbursed. In fact, the Perot '92 had previously reimbursed Hemmerle. In a letter dated December 18, 1992, Mr. Routman makes references to a previous reimbursement from PPC to Hemmerle for expenses he had incurred. See Attachment 15, exhibit 9, page 2. Because of that precedent it appears entirely understandable that Hemmerle expected to continue to be reimbursed. Consequently, Perot '92 had an obligation to Hemmerle and was required to report that debt to the FEC. Perot '92 reports for that period do not disclose a refund, reimbursement or disputed debt to Mr. Hemmerle.¹³ Even if Perot '92 contested the amounts claimed for reimbursement, the Committee would have been at least required to report the disputed debt.

The Perot Committee has responded that Hemmerle did not make the Committee aware of Hemmerle's expenditures until November 30, 1992, and that many of the claimed expenses were incurred during the period of Mr. Perot's withdrawal as a candidate. Although the

13. Perot '92 did eventually report the disputed debt with Hemmerle on their Cumulative Amendment, filed on October 13, 1993.

Committee makes the claim, during Mr. Perot's hiatus as a candidate the Committee continued to have activity.¹⁴ The in-kind contributions that Hemmerle made to Perot '92 by incurring expenses during the period of Mr. Perot's withdrawal, were therefore received by Perot '92.¹⁵

Therefore, the Office of the General Counsel recommends that the Commission find reason to believe that Perot '92 and Mike Poss, as treasurer, violated 2 U.S.C. § 441a(f) for knowingly receiving contributions in excess of the Act's limitations. Additionally, since Perot '92 did not continuously report the disputed debt with Hemmerle, this Office recommends that the Commission find reason to believe the Committee violated 2 U.S.C. § 434(b)(8). With regard to Mr. Hemmerle, although confusion did exist as to the authorization for his incurring expenses, he did in fact make a \$7,271 excessive contribution to Perot '92.¹⁶ It appears then, that Dennis Hemmerle violated 2 U.S.C. § 441a(a)(1)(A).

14. According to FEC records, the Perot '92 campaign continued filing its monthly reports for July, August, and September 1992. Those reports indicate financial activity which includes an increase in cash on hand of \$416,711 for the period of July 31 to September 30, 1992.

15. This situation is not dissimilar to the campaign of Gary Hart who temporarily withdrew from the 1988 Presidential race. In the course of the FEC audit and enforcement action related to that campaign, the issue of whether or not the committee's status was somehow suspended was never raised.

16. According to FEC contributor index, Mr. Hemmerle made no other contribution to the Perot campaign.

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d. MUR 3741

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The complaint in this matter, filed by Charles Turpin on February 23, 1993, (Attachment 16), alleges that contributions he collected on behalf of Perot were never reported to the FEC by the Perot '92 committee. Turpin explains that he operated the Oklahoma County Perot Headquarters and performed grassroots campaign activities for the presidential candidacy of Mr. Perot. Although the Perot '92 headquarters in Dallas initially did not formally recognize the Oklahoma County office, Turpin arranged for an agreement, through Dean Phillips at Perot '92, that Turpin would report the contributions he collected to the Oklahoma state office of Perot '92 (also located in Oklahoma City), which would then forward the information to the headquarters in Dallas.

Mr. Turpin states that his county office contributor information and other expense records were reported to the state office, as agreed. He alleges that the state office never reported the information to the Dallas headquarters, who should have then reported the information to the FEC. Turpin attached to his complaint a list of 11 individuals who made in-kind contributions to the Perot campaign. The amounts that each person contributed range from \$62.00 to \$1,737 (the only contribution over \$1,000) and total \$5,089. See Attachment 16, page 2.

According to the Perot '92 response, received on April 9, 1993, the contributions at issue were not made "at the request, direction or with the cooperation of the Committee." Attachment

17. Perot '92 explains that Mr. Turpin in the Fall of 1992, opened an office in Oklahoma City in support of Mr. Perot. That office was opened without the knowledge of the Committee and independent of the Perot Oklahoma state office already operating in Oklahoma City. Because Mr. Turpin had prior volunteer involvement with a state petition drive earlier in 1992, Perot '92 was concerned that Turpin's office may be considered as an authorized part of Perot '92. To alleviate confusion, Perot '92 formally notified Turpin by letter on October 7, 1992, that his office was considered independent of the Perot Committee and informed Turpin of his "potential need to comply separately with the Federal Election Commission reporting requirements."

However, after Turpin requested affiliation with Perot '92, the Committee agreed to supply campaign materials to Turpin's office on the condition that Turpin would report all receipts, disbursements and activities on a daily basis to the State office and comply with that office's demands for compliance. According to the Perot response, the volunteer treasurer of the state office, John Atkinson, alone determined that Turpin was not fulfilling the agreed upon reporting obligations, and thus again disassociated the state office from Turpin's office to avoid the conclusion that Turpin's activities were not independent of Perot '92. The Perot Committee states in its response that Mr. Atkinson forwarded no more contributor information collected from Mr. Turpin's office to Dallas headquarters to be included on the Perot '92 reports to the FEC

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because he considered the contributions collected by Turpin's organization to be independent expenditures.

The Perot '92 committee acknowledges in its response that there was contact with some of the alleged contributors" and that the Committee "may be technically imputed with the knowledge of the contributions" and will therefore include them in report amendments to the FEC.

Perot '92 did not report the in-kind contributions that are the subject of Mr. Turpin's complaint until their Cumulative Amendment was filed on October 13, 1993, one year after the contributions were made. Therefore, this Office recommends that the Commission find reason to believe that Perot '92 and Mike Poss, as treasurer, violated 2 U.S.C. § 434(b).

e. Conclusion; Perot MURs

As discussed above, this Office has recommended that, in addition to a no reason to believe in MUR 3679 (Brettman), reason to believe findings be made against Perot '92 for violating sections 441a(f) (accepting approximately \$7,200) and 434(b) (failing to report a disputed debt and in-kind contributions).

This Office recommends that the Commission take no further action against the Perot Committee, and send them appropriate admonishment letters.

the Perot effort consisted of a very limited number of people experienced in political campaigns, but rather relied principally on grassroots organizations and a decentralized hierarchy, which resulted in a confusing

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environment. In addition, the Perot campaign leadership has shown that it made attempts to avoid violating the Act by distancing themselves from individuals who gave the appearance of working with authorization of the Committee, by acknowledging their failure to report, and by amending the appropriate disclosure reports.

With regard to the involved individuals, because of the same confusing circumstances, this Office recommends that the Commission take no further action after finding reason to believe that the Ross the Boss Committee and Jack W. McGrath, as treasurer, violated 2 U.S.C. § 434(b)(8) for failing to report a debt; that Orville Brettman violated 2 U.S.C. §§ 433 and 434(a)(1) for failing to register and report; that Dennis Hennerle violated 2 U.S.C. § 441a(a)(1)(A) for making an excessive contribution.

Although this Office believes that this case does not merit the assignment of additional resources, because of the possibility that such violations would rise again in future elections where large numbers of volunteers are managing campaigns at the grassroots level, this Office also recommends that the Commission send admonishment letters to those individuals against whom reason to believe has been found, to help educate them should they become involved in subsequent federal campaigns.

III. RECOMMENDATIONS

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8. In the context of MUR 3627, find reason to believe that Ross the Boss Committee and Jack McGrath, as treasurer, violated 2 U.S.C. § 434(b)(8), take no further action and send an admonishment letter.

9. In the context of MUR 3627, find no reason to believe that 1-800-GO-PEROT violated any provision of the Act.

10. In the context of MUR 3679, find no reason to believe that Perot '92 and Mike Poss, as treasurer (aka Perot Petition Committee), violated any provision of the Act.

11. In the context of MUR 3679, find reason to believe that Orville Brettman violated 2 U.S.C. §§ 433 and 434(a)(1), take no further action, and send an admonishment letter.

12. In the context of MUR 3726, find reason to believe that Perot '92 and Mike Poss, as treasurer, violated 2 U.S.C. §§ 441a(f) and 434(b)(8), take no further action, and send an admonishment letter.

13. In the context of MUR 3726, find reason to believe that Dennis Hemmerle violated 2 U.S.C. § 441a(a)(1)(A), take no further action, and send an admonishment letter.

14. In the context of MUR 3741, find reason to believe that Perot '92 and Mike Poss, as treasurer, violated 2 U.S.C. § 434(b), take no further action, and send an admonishment letter.

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17. Close the files in MURs 3627, 3679, 3726 and 3741.

18. Approve the appropriate letters.

Lawrence M. Noble
General Counsel

5/20/94
Date

BY: 
Lois G. Lerner
Associate General Counsel

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8. In the context of MUR 3627, find reason to believe that Ross the Boss Committee and Jack McGrath, as treasurer, violated 2 U.S.C. § 434(b)(8), take no further action and send an admonishment letter.
9. In the context of MUR 3627, find no reason to believe that 1-800-GO-PEROT violated any provision of the Act.
10. In the context of MUR 3679, find no reason to believe that Perot '92 and Mike Poss, as treasurer (aka Perot Petition Committee), violated any provision of the Act.
11. In the context of MUR 3679, find reason to believe that Orville Brettman violated 2 U.S.C §§ 433 and 434(a)(1), take no further action, and send an admonishment letter.
12. In the context of MUR 3726, find reason to believe that Perot '92 and Mike Poss, as treasurer, violated 2 U.S.C. §§ 441a(f) and 434(b)(8), take no further action, and send an admonishment letter.
13. In the context of MUR 3726, find reason to believe that Dennis Hemmerle violated 2 U.S.C. § 441a(a)(1)(A), take no further action, and send an admonishment letter.

(continued)

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14. In the context of MUR 3741, find reason to believe that Perot '92 and Mike Poss, as treasurer, violated 2 U.S.C. § 434(b), take no further action, and send an admonishment letter.
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17. Close the files in MURs 3627, 3679, 3726, and 3741.
18. Approve the appropriate letters, as recommended in the General Counsel's Report dated May 20, 1994.

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

Attest:

5-26-94

Date

Deborah Hardy
for Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat: Mon., May 23, 1994 9:55 a.m.
Circulated to the Commission: Mon., May 23, 1994 4:00 p.m.
Deadline for vote: Thurs., May 26, 1994 4:00 p.m.

bjr

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FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20463

JUNE 6, 1994

FILED

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Loron Williams Knowlen
14418 Dickens Street
Sherman Oaks, California 91423

RE: MUR 3627
1-800-GO-PEROT and
Ross the Boss Committee and
Jack McGrath, as treasurer

Dear Mr. Knowlen:

This is in reference to the complaint you filed with the Federal Election Commission on September 23, 1994, concerning Ross the Boss Committee and 1-800-GO-PEROT.

Based on that complaint, on May 26, 1994, the Commission found that there was no reason to believe 1-800-GO-PEROT violated any provision of the Federal Election Campaign Act of 1971, as amended ("the Act") and found reason to believe that Ross the Boss Committee and Jack W. McGrath, as treasurer ("Committee"), violated 2 U.S.C. § 434(b)(8). However, after considering the circumstances of this matter, the Commission determined to take no further action against the Committee, and closed the file in this matter. This matter will become part of the public record within 30 days. The Federal Election Campaign Act of 1971, as amended, allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a)(8).

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

Sincerely,

Jeffrey D. Long
Paralegal

Enclosure
Factual and Legal Analysis

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS:

MUR: 3627

Ross the Boss Committee and
Jack W. McGrath, as treasurer

This matter was generated by a complaint filed with the Federal Election Commission by Loron W. Knowlen. See 2 U.S.C. § 437g(a)(1). The allegation made in that complaint is that Ross the Boss Committee and Jack McGrath, as treasurer ("Respondents") had failed to pay Knowlen his promised wages.

According to Knowlen, he had an agreement to be paid wages of \$100 per week by McGrath for work performed in connection with the Ross the Boss Committee. On August 7, 1992, upon termination of his employment, Knowlen was issued a personal check from McGrath for \$100, representing the balance of wages due. When Knowlen attempted to cash the check he was unable to do so because McGrath's account was overdrawn. Between August 11 and September 23, 1993, Mr. Knowlen made eleven more unsuccessful attempts to cash the check. Mr. McGrath has not responded to the complaint.

The Ross the Boss Committee is a registered political committee for which Jack McGrath filed a Statement of Organization on September 21, 1992, declaring the committee as an independent expenditure committee having no affiliated committees. According to Commission Regulations, if a political committee does not pay an employee for services rendered to the committee, the unpaid

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amount must be reported as a debt owed by the committee to the employee. 11 C.F.R. § 116.5. According to FEC records, McGrath did not report the debt owed to Mr. Knowlen.

Therefore, there is reason to believe that Ross the Boss Committee and Jack W. McGrath, as treasurer, violated 2 U.S.C. § 434(b)(8) for failing to report the debt.

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

JUNE 6, 1994

Jack W. McGrath, Treasurer
Ross the Boss Committee
12439 Magnolia Boulevard
Suite 222
North Hollywood, CA 91607

RE: MUR 3627
Ross the Boss Committee and
Jack W. McGrath, as treasurer
and 1-800-GO-PEROT

Dear Mr. McGrath:

On May 26, 1994, the Federal Election Commission found no reason to believe that 1-800-GO-PEROT violated any provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). On that same date, the Commission found reason to believe that the Ross the Boss Committee and you, as treasurer, ("Committee"), violated 2 U.S.C. § 434(b)(8), a provision of the Act. However, after considering the circumstances of this matter, the Commission also determined to take no further action and closed its file. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

The Commission reminds you that failing to report to the Commission your Committee's debts is a violation of the Act. You should take steps to ensure that this activity does not occur in the future.

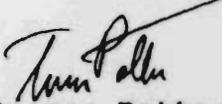
The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any 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 before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

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Jack W. McGrath, Treasurer
Page 2

If you have any questions, please contact Jeffrey Long, the
staff member assigned to this matter, at (202) 219-3690.

For the Commission,


Trevor Potter
Chairman

Enclosure
Factual and Legal Analysis

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FEDERAL ELECTION COMMISSION
FACTUAL AND LEGAL ANALYSIS

RESPONDENTS:

MUR: 3627

Ross the Boss Committee and
Jack W. McGrath, as treasurer

This matter was generated by a complaint filed with the Federal Election Commission by Loron W. Knowlen. See 2 U.S.C. § 437g(a)(1). The allegation made in that complaint is that Ross the Boss Committee and Jack McGrath, as treasurer ("Respondents") had failed to pay Knowlen his promised wages.

According to Knowlen, he had an agreement to be paid wages of \$100 per week by McGrath for work performed in connection with the Ross the Boss Committee. On August 7, 1992, upon termination of his employment, Knowlen was issued a personal check from McGrath for \$100, representing the balance of wages due. When Knowlen attempted to cash the check he was unable to do so because McGrath's account was overdrawn. Between August 11 and September 23, 1993, Mr. Knowlen made eleven more unsuccessful attempts to cash the check. Mr. McGrath has not responded to the complaint.

The Ross the Boss Committee is a registered political committee for which Jack McGrath filed a Statement of Organization on September 21, 1992, declaring the committee as an independent expenditure committee having no affiliated committees. According to Commission Regulations, if a political committee does not pay an employee for services rendered to the committee, the unpaid

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amount must be reported as a debt owed by the committee to the employee. 11 C.F.R. § 116.5. According to FEC records, McGrath did not report the debt owed to Mr. Knowlen.

Therefore, there is reason to believe that Ross the Boss Committee and Jack W. McGrath, as treasurer, violated 2 U.S.C. § 434(b)(8) for failing to report the debt.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 3627

DATE FILMED 6-22-91 CAMERA NO. 2

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