



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 3781

DATE FILMED 8-28-54 CAMERA NO. 2

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Sue Luettjohann Seitz
Lawrence E. Pope

December 16, 1992

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

Re: University of Osteopathic Medicine and Health Sciences

Dear Ms. Lerner:

Last week I spoke briefly with Lawrence Noble concerning a matter involving violations of the Federal Election Campaign Act. Pursuant to our discussions, we are writing to provide you with information concerning violations of the Federal Election Campaign Act by the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa and to initiate discussions with the Federal Election Commission regarding an appropriate conciliation agreement to resolve this matter.

Since the early 1970s, Dr. J. Leonard Azneer served as president of the University of Osteopathic Medicine and Health Sciences (UOMHS). On July 1, 1992, Dr. Keith D. Blayney was appointed as chancellor of UOMHS. Two and one-half months later, on September 12, 1992, Chancellor Blayney delivered a report to the UOMHS board of trustees alleging that serious problems existed concerning the administration of the University and the management style of Dr. Azneer.

On October 8, 1992, we were retained by the UOMHS to undertake an independent investigation to determine whether facts existed that substantiate allegations made concerning the UOMHS in Chancellor Blayney's September 12, 1992 report and whether facts existed that substantiate other allegations reported to the UOMHS, the media or our law firm since the date of Dr. Blayney's September 12, 1992 report.

While not included among the allegations set forth in Dr. Blayney's September 12, 1992 report to the board, in the course of conducting our independent investigation, we discovered that an unlawful practice concerning indirect University political contributions existed.

Some time during the early 1980s, or perhaps earlier, Dr. Azneer began making contributions to political candidates for which he was reimbursed by the University, so that in essence the contributions were really corporate contributions. This practice was continued into the 1990s, and contributions have been made as recently as September, 1992.

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Generally, contributions to candidates were originally made by Dr. Azneer. Dr. Azneer would then receive reimbursement from the University through the vehicle of having his compensation enhanced. Since any amounts received in the form of compensation would be subject to income tax, the amount of the salary enhancement was determined on the basis of supposedly equalling an after-tax basis, the amount of the contribution.

In some cases, contributions to certain Democratic candidates were been made by other individuals associated with the University at the request of Dr. Azneer. Dr. Azneer would reimburse the other individuals with his personal checks. In turn, Dr. Azneer would himself be later reimbursed through the University through the above-described vehicle of having his salary compensation enhanced.

Since the entity that ultimately paid for these political contributions was the University, in essence the political contributions in both sets of circumstances were contributions by the UOMHS. The contributions were paid indirectly through Dr. Azneer and, in a number of instances, doubly indirectly through Dr. Azneer in turn reimbursing others who made contributions at his request.

Allegations concerning the propriety of the political contributions were raised in the first half of 1989 in letters prepared by former vice president for financial affairs John Foust (who had been terminated in January of 1989). Some people assert that the reimbursement procedure was developed by Mr. Foust. The University (President Azneer and in-house counsel Richard Needham) did receive legal advice from its outside attorneys, the Davis, Hockenberg, Wine, Brown, Koehn & Shors law firm, in 1989 that the practice of reimbursing Dr. Azneer for political contributions should be stopped because of concerns regarding the University's Internal Revenue Code §501(c)(3) tax-exempt status. At no time, however, was anyone at the University advised by outside legal counsel or the University's own in-house counsel that the University's political contribution reimbursement practice violated federal and state campaign finance laws. Despite the concerns that were raised concerning the adverse impact on the University's 501(c)(3) status, the practice was not stopped, and in fact continued until as recently as September of 1992.

The University has placed both Dr. Azneer and Dr. Blayney on administrative leave for the time period while our law firm is performing its independent investigation.

On December 5, 1992, we delivered an interim report of investigation to the UOMHS board. As part of our findings, we brought this matter of indirect corporate political contributions to the attention of the board. The board had not previously been advised of the existence of the University's practice of making political contribution reimbursements to Dr. Azneer.

Upon learning of the existence of this practice, and upon being advised that, in the opinion of our law firm, this practice violated both the Iowa campaign finance disclosure statutes and the federal election campaign statutes [as well as being contrary to the provisions of Internal Revenue Code §501(c)(3)], the board adopted the resolution set forth in the attached correspondence signed by in-house counsel Richard Needham and directed our law firm to promptly advise all applicable state and federal authorities regarding the existence of this past practice. It is the intent of the board that all such violations cease and that the University take all steps necessary to ensure that the University is in full compliance with both the letter and the spirit of the Internal Revenue Code and all federal and state campaign finance election laws.

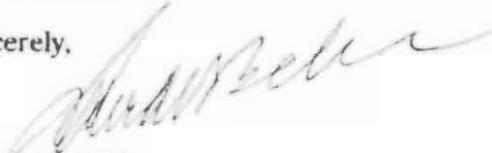
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Lois Lerner
December 16, 1992
Page 3

We are in the process of continuing our investigation, which we anticipate will be completed by the latter part of February.

We look forward to hearing from your office and working toward a satisfactory resolution of this matter. Please direct any inquiries that you may have concerning this matter to either Quentin Boyken of our law firm or to me.

Sincerely,



David W. Belin
For the Firm

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cc: General Counsel Lawrence Noble

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UNIVERSITY OF OSTEOPATHIC MEDICINE AND HEALTH SCIENCES

3440 Grand Avenue / Des Moines Iowa 50312 / 515-271-463



December 7, 1992

Belin Harris Lamson McCormick
2000 Financial Center
Des Moines, IA 50309

University Counsel

Gentlemen:

The following resolution was duly adopted by the Board of Trustees of the University of Osteopathic Medicine and Health Sciences, in Executive Session, on December 5, 1992, which resolution remains in force and effect:

"WHEREAS until advised by the interim report of the independent investigation undertaken by the Belin Harris Lamson McCormick law firm, the Board of Trustees had no knowledge of the evidence of a practice of making unlawful indirect political contributions; and

WHEREAS the Board believes that the University must comply with both the letter and the spirit of Federal and State political contribution laws;

BE IT RESOLVED that the Board hereby directs and reaffirms that the policy of the University is that the University should not ever make any direct or indirect political contributions; and

BE IT FURTHER RESOLVED that appropriate internal auditing procedures be immediately implemented to ensure that there is strict adherence to this policy; and

BE IT FURTHER RESOLVED that the Internal Revenue Service and other appropriate state and federal authorities be contacted by representatives of the University to disclose the information concerning the past practice of making indirect political contributions which had become known to the Board at this meeting and that any necessary corrective or remedial actions be implemented."

Yours truly,

Richard D. Needham, J.D.
University Counsel

RDN:rb

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

December 23, 1992

David W. Belin, Esquire
Belin Harris Lamson McCormick
2000 Financial Center
Des Moines, Iowa 50309

RE: Pre-MUR 273

Dear Mr. Belin:

This is to acknowledge receipt of your letter dated December 16, 1992, pertaining to an apparent violation of the Federal Election Campaign Act by your client, the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa. You will be notified as soon as the Federal Election Commission takes action on your submission.

If you have any questions, please call Tonda Mott, the attorney assigned to this matter, at (202) 219-3400. For your information, we have attached a brief description of the Commission's procedures for handling matters such as this.

Sincerely,

Anne Weissenborn
Acting Assistant General Counsel

Enclosure
Procedures

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Of Counsel
Sue Luettjohann Seitz
Lawrence E. Pope

January 14, 1993

Ms. Tonda Mott
Staff Attorney
Federal Election Commission
999 East Street N.W.
Washington, D.C. 20463

PRE-MUR 273

Re: University of Osteopathic Medicine and Health Sciences

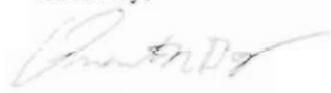
Dear Ms. Mott:

As discussed today, I am sending you a copy of the following items that were presented today to the Iowa Campaign Finance Disclosure Commission meeting in public session:

1. A copy of the submission made this day by our law firm to the Iowa Campaign Finance Disclosure Commission regarding the University of Osteopathic Medicine and Health Sciences political contribution reimbursements. Also enclosed is a copy of the cover letter which accompanied our report.
2. A copy of the written presentation submitted to the Iowa Campaign Finance Disclosure Commission today by counsel representing Dr. Azneer.

We look forward to hearing further from your office and to working toward a satisfactory resolution of this matter.

Sincerely,



Quentin R. Boyken
For the Firm

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Of Counsel
Sue Luettjohann Seitz
Lawrence E. Pope

January 14, 1993

Iowa Campaign Finance Disclosure Commission
507 10th Street, 7th Floor
Des Moines, Iowa 50309

Re: University of Osteopathic Medicine and Health Sciences

Dear Commissioners:

Enclosed is a formal report concerning reimbursement of political contributions which we have prepared for the members of the Iowa Campaign Finance Disclosure Commission. We look forward to working together with the Commission to determine what necessary corrective or remedial actions should be implemented.

Sincerely,


David W. Belin

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**SUBMISSION TO THE IOWA CAMPAIGN FINANCE DISCLOSURE
COMMISSION**

**RE: UNIVERSITY OF OSTEOPATHIC MEDICINE AND HEALTH SCIENCES
POLITICAL CONTRIBUTION REIMBURSEMENTS**

THURSDAY, JANUARY 14, 1993

**PREPARED BY
BELIN HARRIS LAMSON MCCORMICK,
A PROFESSIONAL CORPORATION
2000 FINANCIAL CENTER
DES MOINES, IOWA 50309**

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INTRODUCTION

On October 8, 1992, the Belin Harris Lamson McCormick law firm was asked to undertake an independent investigation to determine (1) whether facts exist that substantiate allegations concerning the University of Osteopathic Medicine and Health Sciences ("UOMHS") set forth in a September 12, 1992 report by Chancellor Keith Blayney to the UOMHS Board of Trustees and (2) whether facts exist that substantiate other related allegations that have been reported to the UOMHS, the media or our law firm since the date of Dr. Blayney's report. David Belin, Mark McCormick and Quentin Boyken were the particular members of our law firm who undertook the primary responsibility for the investigation.

Although not included in the allegations of Chancellor Blayney, in the course of our firm's investigation we found evidence, including documentary evidence, that confirmed that political contributions had been made by or at the direction of Dr. J. Leonard Azneer, President of UOMHS, for which he was improperly reimbursed by the University.

On December 5, we completed an Interim Report of the first two months of our investigation and met with the UOMHS Board of Trustees. At that meeting we gave a preliminary summary of our findings concerning improper reimbursement of political contributions (as well as other findings in our investigation). At that meeting, the UOMHS Board of Trustees adopted the following resolution:

WHEREAS, until advised by the interim report of the independent investigation undertaken by the Belin Harris Lamson McCormick law firm, the Board of Trustees had no knowledge of the evidence of a practice of making unlawful indirect political contributions; and

WHEREAS, the Board believes that the University must comply with both the letter and spirit of federal and state political contribution laws;

BE IT RESOLVED, that the Board hereby directs and reaffirms that the policy of the University is that the University should not ever make any direct or indirect political contributions; and

BE IT FURTHER RESOLVED, that appropriate internal auditing procedures be immediately implemented to ensure that there is strict adherence to this policy; and

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BE IT FURTHER RESOLVED, that the Internal Revenue Service and other appropriate state and federal authorities be contacted by representatives of the University to disclose the information concerning the past practice of making indirect political contributions which have become known to the Board at this meeting and that any necessary corrective or remedial actions be implemented.

On the following Monday, December 7, 1992, we contacted by telephone the Iowa Campaign Finance Disclosure Commission, the Federal Election Commission, the Internal Revenue Service, the Polk County Attorney's Office and the United States Attorney's Office for the Southern District of Iowa to disclose that we had found a series of improper reimbursements of political contributions. Our initial contacts were followed by meetings or further telephone discussions and correspondence with officials in these various respective offices. We stated that the University wanted to make full disclosure and we said we would deliver to the respective public officials a report of our findings in the area of improper political contribution reimbursements when this portion of our investigation was substantially completed. We further stated on behalf of the University that the University wanted to work with the respective governmental authorities to determine the appropriate action which the University should undertake in light of our findings.

It is in this context that we are making full disclosure today to the Iowa Campaign Finance Disclosure Commission. We have asked that our report be delivered in public, rather than behind closed doors, because this area of our investigation involves a violation of public policy going to the heart of our democratic institutions of government and because the University is a quasi-public institution and a very important part of the greater Des Moines community, and, indeed, the State of Iowa. We believe that in the long run it is in the best interest of the University to report in an open, public meeting the facts underlying a system of improper reimbursement of political contributions that extended over a period of many years.

Moreover, we also believe that in an age where public trust and confidence in our elected officials and in our democratic election process has been undermined by so many recent revelations, it is essential that every citizen be concerned about the importance of

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preserving citizen trust and confidence in government and in preserving the integrity of the electoral process. The University trustees, as stated in their December 5 resolution, believe that both the spirit and intent of the federal and state campaign finance statutes be strictly complied with, and we share that belief.

Accordingly, this submission summarizes the findings of our investigation in the area of improper reimbursements of political contributions. In Appendix 1 we refer to provisions of the Iowa campaign finance law, in Appendix 2 we refer to provisions of the Federal Election Campaign Act, and in Appendices 3, 4 and 5 we include schedules which summarize the particular financial findings of our firm in the course of the investigation.

Summary of Investigation Findings

Sometime during the 1980s, or perhaps earlier, Dr. Azneer began making contributions to political candidates for which he was reimbursed by the University, so that in essence the contributions were really corporate contributions. This practice was continued into the 1990s, and contributions have been made as recently as September 1992.

The 1990 Iowa gubernatorial election campaign is a classic example of violations of the statutes of Iowa concerning unlawful political contributions because it involves large contributions to both of the two major candidates. Dr. Azneer directly contributed \$10,000 to the campaign of Governor Terry Branstad, the Republican candidate for Governor. He asked three individuals who were associated with the University to make contributions to Don Avenson, the Democratic candidate for Governor, in the aggregate amount of \$10,000. He then reimbursed the direct contributions by giving them his personal checks which in the aggregate totaled \$10,000.

For those contributions which Dr. Azneer himself gave to political candidates, such as Governor Branstad, Dr. Azneer sought, and received, reimbursement from the University through the vehicle of having his compensation enhanced. Since any amounts received in the form of compensation would be subject to income tax, the amount of the

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enhancement was determined on the basis of supposedly equaling, on an after-tax basis, the amount of the contribution.

For the \$10,000 direct contribution Dr. Azneer made to Governor Branstad, Dr. Azneer received enhanced compensation of \$14,464. He also received \$14,464 of enhanced compensation for the reimbursements he had made to the three individuals who made direct contributions totalling \$10,000 to the 1990 gubernatorial campaign of Democratic candidate Don Avenson.

Other political contributions for which Dr. Azneer received reimbursement in 1990 are illustrative of the nature of the contributions which were the subject of this practice. There were two \$1,000 contributions in 1990 to the re-election campaign of Senator Tom Harkin, the Democratic candidate, which followed a \$250 late 1989 contribution to Congressman Tom Tauke, the Republican running against Senator Harkin. In 1990, there was also a \$500 contribution to Republican Senator Charles Grassley as well as a \$500 contribution to Congressman Neal Smith. A \$1,000 contribution was also made to the gubernatorial campaign of Tom Miller, who was one of the Democratic Party primary candidates for Governor. Smaller contributions were also made to other candidates for state legislative and executive offices during 1990. This followed a pattern which existed in 1989 (and prior years) and which continued into 1991 and 1992.

Since the entity that ultimately paid for the political contribution was the University, in essence the political contributions to all of these candidates were contributions by the University of Osteopathic Medicine and Health Sciences. The contributions were paid indirectly through Dr. Azneer and, in a number of instances, doubly indirectly through Dr. Azneer, in turn, reimbursing others.

We have found no evidence thus far to indicate that any of the political committees receiving contributions from Dr. Azneer, or from those individuals whom he asked to contribute and to whom he reimbursed the contributions, knew that ultimately the source of the contributions was the University or that Dr. Azneer might have asked individuals to

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make contributions on his behalf or on behalf of the University. The University's auditors have stated that they had no knowledge of the making of political contributions by Dr. Azneer and the reimbursement of these contributions by the University.

The aggregate amount of the contributions actually received by political candidates and their committees since 1983 was approximately \$80,000. Because the method of reimbursement was on a "compensation enhanced" basis, the amount paid to Dr. Azneer for political contribution reimbursements over this period of time was approximately \$121,000.

Quantification of the Amount of UOMHS Political Contribution Reimbursements.

When Dr. Azneer was first employed by the UOMHS, his entire compensation was paid by the University until it reached the \$100,000 level. At some time in the late 1970s or early 1980s, a decision was reached to maintain his University salary at \$100,000 and have any further increases in compensation be paid out of a charitable foundation affiliated with the University.

In the course of our investigation we found that notwithstanding this decision, commencing at least as early as 1983 University payroll records showed that Dr. Azneer received more than \$100,000 of compensation from the University (apart from compensation from the Foundation). In investigating the underlying documents, we were able to determine that the amounts in excess of \$100,000 were the result of a procedure undertaken to reimburse political contributions made by Dr. Azneer. The reimbursements were made in the manner of enhanced salary compensation paid to Dr. Azneer and reflected as "other pay" in Dr. Azneer's University payroll records. Based on Dr. Azneer's University payroll records, the following sets forth a summary of the amount of contribution reimbursements received by Dr. Azneer for the years 1983 through 1992:

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<u>Year</u>	<u>Reimbursement</u>
1983	\$ 5,831.00
1984	9,814.00
1985	16,390.20
1986	26,005.00
1987	4,481.24
1988	6,181.56
1989	4,758.66
1990	38,300.68
1991	6,277.38
1992	<u>3,109.76</u>
Total	\$ 121,149.48

Beginning in July of 1989, a detailed schedule was maintained by accounting personnel of all political contributions for which Dr. Azneer asked for and received reimbursement from the University. A copy of that schedule is attached to this submission as Appendix 3.

We have further investigated the reimbursement items set forth on Appendix 3 by attempting to trace each federal campaign contribution and each state election campaign contribution of \$500 or more to the respective campaign finance disclosure statements on file with the Federal Election Commission and the Iowa Campaign Finance Disclosure Commission. Appendix 4 to this submission sets forth a summary of our work in this respect that has been conducted to date.

There are certain items for which Dr. Azneer claimed reimbursement as political contributions for which thus far we have not been furnished sufficient documentation that shows the political contributions were actually received. The respective dates the reimbursement was requested by Dr. Azneer, the amount reimbursed to him on a "tax-enhanced basis", the amount that Dr. Azneer claimed as an actual political contribution and the name of the candidate to whom a contribution was purportedly made are shown on

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Appendix 5. The campaign records of the respective candidates do not show any record of contribution made at about that time from Dr. Azneer, and although requested on December 15, 1992, as of January 13 Dr. Azneer has not furnished to our firm all of the checks which would confirm that the contributions were actually made.

As attorneys for the University, we have advised Dr. Azneer and his attorneys that Dr. Azneer should reimburse the University whatever amounts are requested by the appropriate federal and state election officials and the Internal Revenue Service because the contributions were not only improper because of federal election laws, state election laws and the provisions of §501(c)(3) of the Internal Revenue Code, but they also were improper because of the Articles of Incorporation of the University and in particular, Article IV which declares:

No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting, to influence legislation and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office.

As for those sums received by Dr. Azneer as shown on Appendix 5, in the event Dr. Azneer cannot furnish adequate documentation to show that he directly or indirectly made the political contributions for which he claimed reimbursement, then the University would in any event be entitled to reimbursement for those sums as well.

The State and Federal Campaign Finance Statutes

In the 1970s, state and federal laws were enacted regulating political campaign financial contributions and expenditures and mandating that candidates file written disclosure reports in order to publicly disclose the source of a candidates campaign contributions and the manner in which campaign funds are spent. The Federal Election Campaign Act of 1971 is codified at 2 USC §431 et seq.

The Iowa "Campaign Disclosure - Income Tax Checkoff Act" was enacted in 1973 by the Iowa Legislature. The title of the Iowa "Campaign Disclosure - Income Tax

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Checkoff Act" states that it is an act relating to the disclosure of campaign contributions and expenditures by candidates, persons, political committees, and political parties, providing for an income tax check-off for campaign contributions, relating to campaign expense limitations, and providing penalties.

Both the Iowa and United States campaign finance statutes in substance provide that it is unlawful for a corporation or any officer, agent or representative of the corporation (including a nonprofit corporation) to directly or indirectly make contributions to a political committee and that it is further unlawful for a person to make a contribution in the name of another person.

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Although our investigation has determined that the procedure for reimbursement of political contributions was improper, we have not found any evidence thus far that Dr. Azneer knew of the provisions of the federal and state campaign finance statutes and their applicability to the reimbursement procedure. What we did find, however, was that in 1989 questions were raised concerning the impropriety of the reimbursement of political contribution procedure, and that the matter was reviewed by the law firm regularly representing the University and that there were discussions concerning the applicability of §501(c)(3) of the Internal Revenue Code, which pertains to the tax-exempt status of nonprofit corporations. It appears that the initial question was made by a former employee who, in the midst of a contract termination dispute with the University, asserted in early 1989 that the making of political contributions may be unlawful because it might sustain a charge of wasting corporate assets. The assertion was then supplemented by an additional allegation that the practice of reimbursement for political contributions was improper because corporations were not permitted to make political contributions.

On August 15, 1989, a member of the outside law firm regularly representing the University sent a letter to Dr. Azneer advising that the law firm did not believe any criminal misconduct had occurred, but recommending that further research be done. A copy was sent to the in-house counsel of the University.

Subsequently, the in-house counsel prepared a handwritten memorandum in connection with a telephone conversation with another member of the outside law firm representing UOMHS, who was also a trustee. The memorandum indicates that the provisions of §501(c)(3) of the Internal Revenue Code were discussed. The handwritten notation then continues "put money back (not criminal - but)". Both parties to the conversation asserted in response to our interrogation that they had no knowledge of the specific statutory provisions of the federal and state campaign finance statutes, prior to our advising them in November, 1992, that these statutes existed.

Dr. Azneer asserted that he was never advised that the political contribution reimbursement procedure might constitute a violation of federal or state campaign finance statutes. Thus, Dr. Azneer asserts that to the extent there are penalties under these statutes, they are not applicable to him because any violation of the statutes was not "willful" on his part.

Internal Revenue Code Provisions Against Nonprofit Corporation Political Expenditures

Not only is the method of reimbursement of political contributions improper under the campaign finance laws of Iowa and the United States, but it also is improper under the provisions of the Internal Revenue Code governing tax-exempt organizations. Internal Revenue Code §501(c)(3) expressly limits tax-exempt status to an otherwise qualified organization "which does not participate in, or intervene in any political campaign on behalf of (or in opposition to) any candidate for public office." Regulations adopted under the Internal Revenue Code expressly state that "indirect" participation or intervention in political campaigns on behalf of (or in opposition to) any candidate for public office falls within the statutory proscription. See 26 CFR §1.501(c)(3)-1(c)(3)(iii).

Conclusion

The method of reimbursement of political contributions was improper under the provisions of the Articles of Incorporation of the UOMHS, under the provisions of the

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state and federal campaign finance statutes, and under the provisions of §501(c)(3) of the Internal Revenue Code.

The University trustees at their December 5, 1992 meeting reaffirmed the policy of the University that it should not ever, directly or indirectly, make political contributions and that appropriate internal auditing procedures be immediately implemented to ensure that there is strict adherence to this policy.

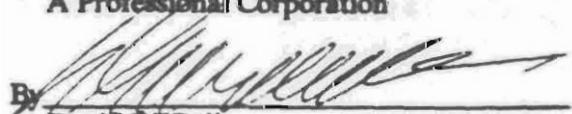
The resolution further directed that the appropriate state and federal authorities, including the Internal Revenue Service, be contacted by representatives of the University to disclose the findings of our firm in its investigation and further directed that any necessary corrective or remedial actions be implemented.

It is in the spirit of this resolution and in the spirit of the applicable statutes that we have disclosed our findings in this area of our investigation, and we would look forward to trying to resolve as expeditiously as possible the necessary corrective or remedial actions that should be implemented.

Respectfully submitted,

BELIN HARRIS LAMSON McCORMICK,
A Professional Corporation

By


David W. Belin

2000 Financial Center
Des Moines, Iowa 50309
Telephone: (515)243-7100

ATTORNEYS REPRESENTING THE
UNIVERSITY OF OSTEOPATHIC
MEDICINE AND HEALTH SCIENCES

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APPENDIX 1

RELEVANT PROVISIONS OF THE
IOWA CAMPAIGN DISCLOSURE - INCOME TAX CHECKOFF ACT

Section 56.15 of the Iowa Code specifically declares that:

It is unlawful for an insurance company, savings and loan association, bank, credit union, or corporation organized pursuant to the laws of this state or any other state, territory, or foreign country, whether for profit or not, or an officer, agent or representative acting for such insurance company, savings and loan association, bank, credit union, or corporation, to contribute any money, property, labor, or thing of value, directly or indirectly, to a committee, or for the purpose of influencing the vote of an elector.... (Emphasis added)

Section 56.12 of the Iowa Code declares:

A person shall not make a contribution or expenditure in the name of another person, and a person shall not knowingly accept a contribution or expenditure made by one person in the name of another....

Section 56.15 of the Iowa Code declares:

Penalty. Any person who willfully violates any provision of this Chapter shall, upon conviction, be guilty of a serious misdemeanor. (Emphasis added)

121 Iowa Administrative Code Section 4.23(6) provides:

Use of Corporate Property Prohibited. It is unlawful for a candidate's committee or other political committee to use any property of a corporate entity, and it is unlawful for a corporate entity to knowingly permit the use of its property by a candidate's committee or other political committee. "Corporate entity" as used in these rules means any profit or nonprofit corporation.... For the purpose of these rules, the prohibited use of the property of a corporate entity shall include, but not be limited to, the following...

The contributing of money of the corporate entity.

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APPENDIX 2

RELEVANT PROVISIONS OF THE FEDERAL ELECTION CAMPAIGN ACT

The Federal Election Campaign Act prohibits corporations, including nonprofit corporations, from making contributions to federal elections. 2 USC §441b(a) declares:

It is unlawful... for any corporation whatever... to make a contribution or expenditure in connection with any election at which presidential and vice-presidential electors or a senator or representative... are to be voted for, or in connection with any primary election or political convention or caucus held to select candidates for any of the foregoing offices, or for any candidate, political committee, or other person to knowingly to accept or receive any contribution prohibited by this section, or any officer or any director of any corporation... to consent to any contribution or expenditure by the corporation... prohibited by this section.

2 USC §441f declares:

Contributions In the Name of Another Prohibited. No person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution made by one person in the name of another person.

2 USC §437g(d) sets forth criminal penalties that may be imposed for violation of the Federal Election Campaign Act for any person who "knowingly and willfully" commits a violation of the provisions of the Federal Election Campaign Act which involves the making, receiving, or reporting of any contribution or expenditure aggregating \$2,000 or more during a calendar year.

2 USC §455 sets forth a three (3) year statute of limitations period for violations of the Federal Elections Campaign Act.

The Federal Election Campaign Act also provides that the Federal Election Commission may enter into a "conciliation agreement" with persons who have violated the Federal Elections Campaign Act which may include a requirement of the persons in violation of the Act to pay a civil penalty and take such other corrective actions deemed necessary by the Federal Election Commission.

24043561155

$Amt \times 28\%$ $Amt + 28\% Amt = Total \times 13\%$ $Total + 13\% Amt = Rate$

2404356186
2200

	Amt	Rate Amt	Date PAID	
7/26 Bonnie Campbell	100 ⁰⁰	144 ⁴⁴	8-21-89	
8/11 Republic Party of IA	100 ⁰⁰	144 ⁴⁴	8-31-89	<u>289²⁸</u>
9/27 Governor's Birthday Party	500 ⁰⁰	723 ²⁰		
10/2 Grassley	500 ⁰⁰	723 ²⁰	10/18/91	<u>1446⁴⁰</u>
11/27 Shearzen	300 ⁰⁰	433 ²⁴	1/2/89	
12/1 Turkey Tom	250 ⁰⁰	361 ⁶⁰	12/18/89	
12/1 Presidential Task Force	240 ⁰⁰	347 ¹⁴	12/18/91	<u>1142⁶⁴</u>
1/3 Jack Hatch	250 ⁰⁰	361 ⁶⁰		
1/11 Dinner for Governor	1000 ⁰⁰	1446 ⁴⁰	1/19/90	<u>1808⁰⁰</u>
2/7 IA Democratic Party	250 ⁰⁰	361 ⁶⁰		
2/7 Dinner for Governor	150 ⁰⁰	216 ⁹⁶		
2/22 Neil Smith	500 ⁰⁰	723 ²⁰		
2/22 Horan	1000 ⁰⁰	1446 ⁴⁰		
2/22 Nat'l Conf of Christian & Jews	115 ⁰⁰	166 ³⁴	2/9/90	<u>2914⁵⁰</u>
3/26 Nat'l Conf of Christian & Jews	115 ⁰⁰	166 ³⁴		
4/3 Marvin Pomerantz (Roast)	200 ⁰⁰	289 ²⁸		
4/19 Arnet Diabetes (KISS ME AND SPEND MY MONEY SCHWARZ)	100 ⁰⁰	144 ⁶⁴	4/1/90	<u>600⁰⁰</u>
4/30 Jack Hatch	500 ⁰⁰	723 ²⁰	5/1/90	<u>723²⁰</u>
5/30 Dinner for Senate	200 ⁰⁰	289 ²⁸		<u>289²⁸</u>
9/19 Wulsch Governor Bradstra	200 ⁰⁰ 10000 ⁰⁰	289 ²⁸ 14464 ⁰⁰		<u>14753²⁸</u>

APPENDIX 3 (Page 2 of 2)

	Initials	Co't
Prepared By		
Approved By		

WILSON JONES COMPANY 07104 Cambridge, MA

9/26	Harkin	1000 ⁰⁰	1446 ⁴⁰			
	Ed Kelly	100 ⁰⁰	144 ⁶⁴			
10/9	Tim Urban	100 ⁰⁰	144 ⁶⁴			
	Grassley	500 ⁰⁰	723 ²⁰			
	Campbell	200 ⁰⁰	289 ²⁸	Pd 10-31-90	2748 ¹⁶	
10 18	Anderson	10000 ⁰⁰	14464 ⁰⁰	Pd 10-18-91	14464 ⁰⁰	
6 3	Senator Jarn	90 ⁰⁰	130 ¹⁸	Pd 6-30-91	130 ¹⁸	
7 16	Grassley	500 ⁰⁰	723 ²⁰			
	Cook	100 ⁰⁰	144 ⁶⁴	Pd 7-31-91	867 ⁸⁴	
8 13	Smith	1000 ⁰⁰	1446 ⁴⁰			
8 13	Bradstra	1000 ⁰⁰	1446 ⁴⁰	Pd 8-31-91	289 ²⁸	
9 25	Bradstra (Baltimore function)	500 ⁰⁰	723 ²⁰			
10 14	Bonnie Campbell	250 ⁰⁰	361 ⁶⁰			
10 14	Hutchins	100 ⁰⁰	144 ⁶⁴			
10 14	Welsh	100 ⁰⁰	144 ⁶⁴			
10 21	Pat -	100 ⁰⁰	144 ⁶⁴	Pd 10-21-91	1518 ⁷²	
12 23	Smith	500 ⁰⁰	723 ²⁰			
	Haton	100 ⁰⁰	144 ⁶⁴	Pd 12-31-91	867 ⁸⁴	
1992	2 14	Maddox for Senate (anna)	50 ⁰⁰	72 ³²	Pd 2-28-92	72 ³²
3 31	gatum	200 ⁰⁰	289 ²⁸	Pd 4-30-92	289 ²⁸	
4 11	Hatch	723²⁰ 500 ⁰⁰	723²⁰ 723 ²⁰	Pd 5-31-92 878 ⁷²	723 ²⁰	
6 1	Elaine Baxter	100 ⁰⁰	144 ⁶⁴	Pd 6-30-92	144 ⁶⁴	
7 27	Wallyhorn Satz	100 ⁰⁰	144 ⁶⁴			
8 17	Bob Dale for Senate	1000 ⁰⁰	1446 ⁴⁰	Pd 8/31/92	1591 ⁶⁴	
9 14	Elaine Szymaniak	200 ⁰⁰	289 ²⁸	Pd 9/30/92	289 ²⁸	

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APPENDIX 4

University of Osteopathic Medicine and Health Sciences

Schedule of Political Contributions

For Which Dr. Azneer

Received Reimbursement From July 1, 1989 to September 30, 1992

(For State Candidates, Only Contributions of \$500 or More Are Included in this Schedule)

24043561158

From University Schedule of Reimbursements - Appendix 3				From State and Federal Campaign Finance Disclosure Reports			
Date Reimbursement Requested	Amount Reimbursed To Dr. Azneer	Contribution Amount	Contribution To	Date Contribution Received	Contribution Made By		
9/27/89	\$723.20	\$500.00	Gov. Branstad	11/13/89	Dr. Azneer		
10/2/89	\$723.20	\$500.00	Sen. Grassley	10/3/89	Dr. Azneer		
12/1/89	\$361.60	\$250.00	Rep. Tauke	No campaign record of contribution located to date			SEE APPENDIX 5
1/11/90	\$1,446.40	\$1,000.00	Attny. Gen. Tom Miller for Gov.	Indirect Contribution Through Others			
				1/12/90	Harvey Martens	\$400.00	Reimb. by Dr. Azneer
				1/12/90	Teresa Bylander	\$300.00	Reimb. by Dr. Azneer
				1/12/90	Randall Prati	\$300.00	Reimb. by Dr. Azneer
						<u>\$1,000.00</u>	
2/22/90	\$723.20	\$500.00	Rep. Neal Smith	2/25/90	Dr. Azneer		
2/22/90	\$1,446.40	\$1,000.00	Sen. Harkin	3/9/90	Dr. Azneer		
4/30/90	\$723.20	\$500.00	Rep. Jack Hatch	5/7/90	Dr. Azneer		
9/19/90	\$14,464.00	\$10,000.00	Gov. Branstad	9/27/90	Dr. Azneer		
9/26/90	\$1,446.40	\$1,000.00	Sen. Harkin	9/28/90	Dr. Azneer		
10/9/90	\$723.20	\$500.00	Sen. Grassley	11/6/90	Dr. Azneer		
10/18/90	\$14,464.00	\$10,000.00	Rep. Don Avenson for Gov.	Indirect Contribution Through Others			
				10/18/90	Randall Prati	\$4,000.00	Reimb. by Dr. Azneer
				10/18/90	Harvey Martens	\$3,000.00	Reimb. by Dr. Azneer
				10/18/90	Philip Pfitzen	\$3,000.00	Reimb. by Dr. Azneer
						<u>\$10,000.00</u>	
7/16/91	\$723.20	\$500.00	Sen. Grassley	7/31/91	Dr. Azneer		
8/13/91	\$1,446.40	\$1,000.00	Rep. Neal Smith	No campaign record of contribution located to date			SEE APPENDIX 5
8/13/91	\$1,446.40	\$1,000.00	Gov. Branstad	No campaign record of contribution located to date			SEE APPENDIX 5
9/25/91	\$723.20	\$500.00	Gov. Branstad	10/18/91	Dr. Azneer		
12/23/91	\$723.20	\$500.00	Rep. Neal Smith	No campaign record of contribution located to date			SEE APPENDIX 5
4/11/92	\$723.20	\$500.00	Rep. Jack Hatch	No campaign record of contribution located to date			SEE APPENDIX 5
8/17/92	\$1,446.40	\$1,000.00	Sen. Bob Dole	9/30/92	Dr. Azneer		

APPENDIX 5

University of Osteopathic Medicine and Health Sciences

Schedule of Reimbursements to Dr. Azneer

For Funds Dr. Azneer Claimed To Advance For Contributions To Political Candidates For Which
State and Federal Campaign Finance Disclosure Reports
Do Not Show That The Contributions Were Made By Dr. Azneer - See Note 1

From University Schedule of Reimbursements - Appendix 3

Date Reimbursement Requested	Amount Reimbursed To Dr. Azneer	Contribution Amount	Dr. Azneer Claimed Contribution To Be Made To:	
12/1/89	\$361.60	\$250.00	Rep. Tauke	Have received a photocopy of the face of a 12-5-89 \$200.00 Leonard Azneer check made payable to "Tauke for Senate"
8/13/91	\$1,446.40	\$1,000.00	Rep. Neal Smith	Have received a photocopy of the face of an 8-15-91 \$1000.00 Leonard Azneer check made payable to "Neal Smith for Congress"
8/13/91	\$1,446.40	\$1,000.00	Gov. Branstad	
12/23/91	\$723.20	\$500.00	Rep. Neal Smith	
4/11/92	\$723.20	\$500.00	Rep. Jack Hatch	Attorneys for Dr. Azneer state that this represents indirect contributions made through several others which aggregate \$500.00 for which Dr. Azneer reimbursed the others and in turn was reimbursed by the University.

Note 1: Dr. Azneer was reimbursed for each of the above items. Although requested on December 15, 1992, as of January 13, 1993 Dr. Azneer has not furnished the actual cancelled checks for the Neal Smith and Terry Branstad contributions or other documentation to substantiate that the claimed political contributions were made and the applicable State and Federal Campaign Finance Disclosure Reports do not disclose the receipt of the claimed campaign contributions from Dr. Azneer.

Note 2: In addition to the above, Federal Campaign Finance Disclosure Reports disclose that Dr. Azneer received a \$500.00 refund on January 16, 1991 from the Dole for President, Inc. Compliance Fund. Dr. Azneer had donated \$500.00 to the Dole for President, Inc. Compliance Fund on December 31, 1987. Consistent with the established practice, it is assumed that Dr. Azneer was reimbursed by the University for the 1987 donation. No documentation has been presented to date to show that Dr. Azneer reimbursed the University for this refund.

24043561139

CRAWFORD & ASSOCIATES

Attorneys at Law

510 Liberty Building
Des Moines, Iowa 50309

Gerald W. Crawford
J. D. Hartung

Telephone: (515) 282-1010
Telecopier: (515) 282-1066

January 14, 1993

Campaign Finance Disclosure Commission
507 10th Street, 7th Floor
Des Moines, Iowa 50309

Dear Commission Members:

Dr. J. Leonard Azneer has requested his counsel, Nick Critelli of Nick Critelli and Associates, along with the undersigned, to present the following information to the Commission. Dr. Azneer has also requested that this information be made part of the public record in this matter.

I. FACTUAL BACKGROUND

Dr. Azneer became President of the College (now University) of Osteopathic Medicine and Health Sciences in 1971. At the time Dr. Azneer became President of COMS (hereafter UOMHS) he had never made any significant political contribution to any candidate for public office or to any political party.

In the late 1970's and early 1980's Dr. Azneer reluctantly changed his mind about contributing to political candidates and parties. By then, the University was involved in an effort to obtain assistance from both the State and Federal governments. In furtherance of the University's mission, Dr. Azneer was persuaded that participation as a political contributor was essential. Accordingly, Dr. Azneer consented, on behalf of UOMHS, to pursue a course of making political contributions. Arrangements were made within UOMHS whereby Dr. Azneer would make a contribution and then be reimbursed for the amount of contribution plus its tax consequence.

Dr. Azneer changed his mind and became involved in the political arena as he became aware that UOMHS (and not the University of Iowa Medical School) was training the physicians who were providing health care in a majority of the communities in Iowa. Dr. Azneer did not understand why Iowa's government or taxpayers should devote huge sums of money to a school that sends many of its graduates to the east and west coast, but no money to a school which was placing doctors in nearly every county seat in Iowa.

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Page Two.

Campaign Finance Disclosure Commission
January 14, 1993

No conscious effort was ever made to disguise or conceal the method used by UOMHS to reimburse Dr. Azneer for his contributions. In fact, in 1989 when questions were raised by a disgruntled former employee of UOMHS regarding a variety of matters, contribution reimbursement was reviewed by the UOMHS comptroller, the UOMHS in-house legal counsel, outside legal counsel and by members of the finance committee of UOMHS. None of these professional persons indicated to Dr. Azneer, either orally or in writing, that the procedure being utilized was prohibited by either state or federal election campaign laws.

When interviewed, both the outside legal counsel and the in-house legal counsel for UOMHS informed David Belin's office that prior to the time of the interviews they had been unaware that third party reimbursement of political contributions was prohibited by both state and federal campaign election laws.

Consequently, the only change made at the time of this review in 1989 was to insure that careful records be maintained of the contributions and reimbursements. (We provide attached Exhibit "A" which is the ledger that was maintained of these contributions by the business office at UOMHS).

It is important to note in evaluating Dr. Azneer's conduct that he frequently contributed to both sides of the same race (albeit through others). This was true in the Conlin-Brandstad race as well as the Avenson-Brandstad race. If Dr. Azneer's goal had been personal, rather than University based, it is obvious he would have contributed to the candidate of his choice rather than to both sides of the same race.

Indeed, if Dr. Azneer had any suspicion that his conduct violated state or federal statute, it would have been a simple matter to have his annual salary adjusted by an amount which would have enabled his contributions to continue without inappropriate reimbursement.

II. LEGAL ANALYSIS

The conduct of Dr. Azneer in receiving reimbursement for political contributions made by him is a violation of Chapter 56, Code of Iowa. Once the technical violation is established the commission must next determine whether Dr. Azneer's conduct was willful as Chapter 56.16 provides that:

"Any person who willfully violates any provisions of this chapter shall upon conviction, be guilty of a serious misdemeanor."

The Iowa Supreme Court has defined "willful" to mean purposely, deliberately and intentionally. State v. Dunn, 199 N.W.2d 104 (Iowa 1972). In this case, Dr. Azneer did not even know of the statute's existence, let alone deliberately violate it. In fact, none of Dr. Azneer's legal, accountancy or political advisors knew that the conduct violated any state or federal campaign contribution statute.

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III. PROPOSAL

Dr. Azneer proposes the following results of this matter:

1. Dr. Azneer will voluntarily reimburse the University the amount he was provided for political contributions from January 14, 1990 through the date of the last contribution. This amount is approximately \$31,190.
2. Dr. Azneer will enter into an "Informal Settlement Agreement Prior to Formal Complaint" in which he agrees to pay an administrative penalty.
3. Dr. Azneer will issue a public statement at the conclusion of the State and Federal Election Commission matters in which he expresses his desire that the People of Iowa know what he did not know; that it is illegal to be reimbursed by your employer or any other third party for political contributions.

We would hope the Commission would reflect on the fact that Dr. Azneer's penalty will, in effect, be \$31,190 in addition to whatever administrative penalty is assessed. This because he is now standing the cost of contributions made to benefit the University and not himself.

We believe the practice of reimbursed contributions is all too common. We hope it is in that context that Dr. Azneer's conduct is evaluated. We also hope that it is in that context that the Commission uses Dr. Azneer's case a vehicle for public education about the campaign laws. The message should be clearly stated: "This conduct may be common but it is NOT legal."

We respectfully request that the Commission adopt an informal settlement agreement as soon as the Commission is satisfied that it has all necessary information regarding these matters.

Sincerely,



Gerald W. Crawford

24043561162

EXHIBIT

"A"

Prepared By	Initial
Approved By	

WILSON JONES COMPANY

DATE	NAME	AMOUNT	CHECK NO.	PAYEE	BALANCE
9/26	Harkin	1000 ⁰⁰	1446 ⁴⁰		
	Ed Kelly	1000 ⁰⁰	1446 ⁴⁰		
10/1	Tim Urban	100 ⁰⁰	144 ⁶⁴		
	Grassley	500 ⁰⁰	723 ²⁰		
	Campbell	200 ⁰⁰	289 ²⁸		
10/18	AVRISON	10000 ⁰⁰	1446 ⁴⁰	Pd 10-31-90	2748 ¹⁶
				Pd 10-18-90	1446 ⁴⁰
6/3	Senator Kern	90 ⁰⁰	130 ¹⁸	Pd 6-30-91	130 ¹⁸
7/16	Grassley Cook	500 ⁰⁰ 100 ⁰⁰	723 ²⁰ 1446 ⁴⁰	Pd 7-31-91	867 ⁸⁴
8/13	Smith	1000 ⁰⁰	1446 ⁴⁰		
8/13	Bradstra	1000 ⁰⁰	1446 ⁴⁰	Pd 8-31-91	2892 ²⁸
9/25	Bradstra (Birthday function)	500 ⁰⁰	723 ²⁰		
10/14	Bonnie Campbell	250 ⁰⁰	361 ⁶⁰		
10/14	Hutchins	100 ⁰⁰	144 ⁶⁴		
10/16	Welsh	100 ⁰⁰	144 ⁶⁴		
10/21	Pat -	100 ⁰⁰	144 ⁶⁴	Pd 10-24-91	1518 ⁷²
12/23	Smith Hatch	500 ⁰⁰ 100 ⁰⁰	723 ²⁰ 144 ⁶⁴	Pd 12-31-91	867 ⁸⁴
3/14	Maddox for Senate (anna)	50 ⁰⁰	72 ³²	Pd 2-28-92	72 ³²
3/31	galem	200 ⁰⁰	289 ²⁸	Pd 4-30-90	289 ²⁸
4/11	Hatch	500 500 ⁰⁰	723 723 ²⁰	Pd 5-31-92 518 ⁷²	723 ²⁰
6/1	ELAINE BAXTER	100 ⁰⁰	144 ⁶⁴	Pd 6-30-92	144 ⁶⁴
7/27	Willington Gate	100 ⁰⁰	144 ⁶⁴		
8/17	Bob Dole for Senate	1000 ⁰⁰	1446 ⁴⁰	Pd 8/31/92	1591 ⁰⁴
9/14	Elaine Szymonick	200 ⁰⁰	289 ²⁸	Pd 9/30/92	289 ²⁸

$Amt \times 28\%$ $Amt + 28\% Amt = Total \times 139\%$ $Total + 13\% Amt = Rate$

		Amt	Rate Amt	Date Paid		
1	7/26	BONNIE CAMPBELL	100 ⁰⁰	144 ⁶⁴	8-31-89	
2	8 11	REPUBLIC PARTY OF IA	100 ⁰⁰	144 ⁶⁴	8-31-89	289 ²⁸
3	9 27	Governor's Birthday Party	500 ⁰⁰	723 ²⁰		
4	10 2	Glassley	500 ⁰⁰	723 ²⁰	10/18/91	1446 ⁴⁰
5	11 27	Shearzen	300 ⁰⁰	433 ²⁰	12/1/89	
6	12 1	Taukef, Tom	250 ⁰⁰	361 ⁶⁰	12/1/89	
7	12 1	PRESIDENTIAL TASK FORCE	240 ⁰⁰	347 ¹⁴	12/1/89	1142 ⁶⁶
8	1 3	Jack Hatch	250 ⁰⁰	361 ⁶⁰		
9	1 11	Muller for Governor	1000 ⁰⁰	1446 ⁴⁰	1/1/90	1808 ⁰⁰
10	2 7	IA Democratic Party	250 ⁰⁰	361 ⁶⁰		
11	2 7	AVERSON for Governor	150 ⁰⁰	216 ⁹⁶		
12	2 22	Nul Smith	500 ⁰⁰	723 ²⁰		
13	2 22	Harkin	1000 ⁰⁰	1446 ⁴⁰		
14	2 22	Nat'l Conf of Christians & Jews	115 ⁰⁰	166 ³⁴	2/1/90	2914 ⁵⁰
15	3 26	Nat'l Conf of Christians & Jews	115 ⁰⁰	166 ³⁴		
16	4 3	MARVIN PAMERANTZ (ROAST)	200 ⁰⁰	289 ²⁸		
17	4 19	Amy, Diabetes (KISS & PIG GARY SCHWAN)	100 ⁰⁰	144 ⁶⁴	4/1/90	600 ²⁶
18	4 30	Jack Hatch	500 ⁰⁰	723 ²⁰	5/1/90	723 ²⁰
19	5 30	YOUNG Boucher for Senate	200 ⁰⁰	289 ²⁸		289 ²⁸
20	9 19	WUSCH Governor Bradstra	200 ⁰⁰	289 ²⁸		
21			10000 ⁰⁰	14464 ⁰⁰		14753 ²⁶

**BELIN HARRIS
LAMSON McCORMICK**

A PROFESSIONAL CORPORATION • ATTORNEYS AT LAW

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Jeremy C. Sharpe

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John T. Sertz
Gerard D. Neugent
Robert A. Mullen
Quentin R. Boyken
Charles F. Becker
Dennis P. Ogden
Margaret C. Callahan

Robert D. Sharp
William P. Hoyer
Mark E. Weinhardt
John M. Bouslog
Timothy P. Willcockson
Of Counsel
Sue Luettjohann Sertz
Lawrence E. Pope

OGC 8427

26-MUR 273

February 12, 1993

Mr. Al Flyr
Internal Revenue Agent - Exempt Organizations
Internal Revenue Service
Federal Building, Room 571
210 Walnut
Des Moines, Iowa 50309

COPY

93 FEB 17 AM 9:34

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

Re: University of Osteopathic Medicine and Health Sciences

Dear Mr. Flyr:

I am writing to confirm that, pursuant to the Form 2848 which has been executed by the University of Osteopathic Medicine and Health Sciences designating the undersigned as a representative of the University for certain tax matters, including without limitation all tax matters related to political contribution reimbursements, the Internal Revenue Service is authorized to engage in oral and written communications with the state and federal agencies which are reviewing the political contribution reimbursement issue. The following is a list of our primary contacts at each of the respective state and federal agencies with whom we have been in contact with respect to the political contribution reimbursement issue:

Iowa Campaign Finance Disclosure Commission

Ms. Kay Williams
Executive Director
Iowa Campaign Finance Disclosure Commission
507 Tenth Street, Seventh Floor
Des Moines, Iowa 50309
Telephone: 515-281-4411

Ms. Lynette Donner
Assistant Attorney General
Second Floor
Hoover State Office Building
Des Moines, Iowa 50319
Telephone: 515-281-8760

2 4 0 4 3 5 6 1 1 0 5

Mr. Al Flyr
February 12, 1993
Page 2

Federal Election Commission

Ms. Tonda Mott
Staff Attorney
Federal Election Commission
999 East Street N.W.
Washington, D.C. 20463
Telephone: 202-219-3400

Polk County Attorney's Office

Mr. Frederick Gay
Polk County Attorney's Office
110 Sixth Avenue, Room 288
Des Moines, Iowa 50309
Telephone: 515-286-2160

U.S. Attorney's Office / U.S. Justice Department

Mr. Stuart Goldberg
Public Integrity Section
Department of Justice
P.O. Box 27518
Central Station
Washington, D.C. 20038
Telephone: 202-514-1433

We are also sending a copy of this correspondence to each of the individuals listed above and this letter shall also constitute authority to the individuals listed above and their respective agencies to communicate orally and in writing with the Internal Revenue Service concerning the University with respect to the political contribution reimbursement issue.

Consistent with the resolution passed by the University Board of Trustees on December 5, 1992, it is our goal that information concerning the past practice of making indirect political expenditures be communicated and shared with the Internal Revenue Service and all of the state and federal agencies listed above. We continue to look forward to working with the Internal Revenue Service and the other state and federal agencies involved to see that all necessary corrective and remedial actions are implemented by the University concerning the past practice of making indirect political expenditures.

Sincerely,



Quentin R. Boyken
For the Firm

QRB/njm

cc: Mr. Kay Williams
Mr. Lynette Donner
Ms. Tonda Mott
Mr. Frederick Gay
Mr. Stuart Goldberg

2 4 0 4 3 5 6 1 1 6 6

UGC 0490

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF THE CHIEF COUNSEL

93 FEB 19 AM 9:56

STATEMENT OF DESIGNATION OF COUNSEL

MUR Pm etc

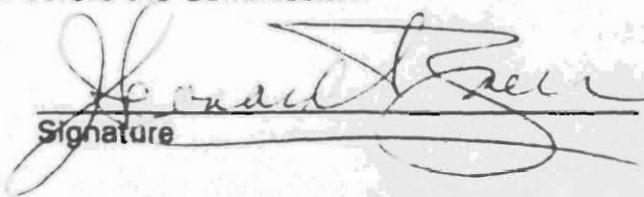
NAME OF COUNSEL: Gerald W. Crawford

ADDRESS: 510 Liberty Building
Des Moines, IA 50309

TELEPHONE: (515) 282-1010
Facsimile: (515) 282-1066

The above-named individual is hereby designated as my counsel and is authorized to receive any notification and other communications from the Commission and to act on my behalf before the Commission.

2/15/93
Date


Signature

RESPONDENT'S NAME: Dr. J. Leonard Azneer

ADDRESS: 3511 SW 27th Street
Des Moines, IA 50321

HOME PHONE:

BUSINESS PHONE:

24043561167

CRAWFORD & ASSOCIATES

Attorneys at Law

510 Liberty Building
Des Moines, Iowa 50309

Gerald W. Crawford
J. D. Hartung

Telephone: (515)282-1010
Telecopier: (515)282-1066

January 14, 1993

Campaign Finance Disclosure Commission
507 10th Street, 7th Floor
Des Moines, Iowa 50309

93 FEB 19 AM 9:56

RECEIVED
FEDERAL ELECTION COMMISSION

Dear Commission Members:

Dr. J. Leonard Azneer has requested his counsel, Nick Critelli of Nick Critelli and Associates, along with the undersigned, to present the following information to the Commission. Dr. Azneer has also requested that this information be made part of the public record in this matter.

I. FACTUAL BACKGROUND

Dr. Azneer became President of the College (now University) of Osteopathic Medicine and Health Sciences in 1971. At the time Dr. Azneer became President of COMS (hereafter UOMHS) he had never made any significant political contribution to any candidate for public office or to any political party.

In the late 1970's and early 1980's Dr. Azneer reluctantly changed his mind about contributing to political candidates and parties. By then, the University was involved in an effort to obtain assistance from both the State and Federal governments. In furtherance of the University's mission, Dr. Azneer was persuaded that participation as a political contributor was essential. Accordingly, Dr. Azneer consented, on behalf of UOMHS, to pursue a course of making political contributions. Arrangements were made within UOMHS whereby Dr. Azneer would make a contribution and then be reimbursed for the amount of contribution plus its tax consequence.

Dr. Azneer changed his mind and became involved in the political arena as he became aware that UOMHS (and not the University of Iowa Medical School) was training the physicians who were providing health care in a majority of the communities in Iowa. Dr. Azneer did not understand why Iowa's government or taxpayers should devote huge sums of money to a school that sends many of its graduates to the east and west coast, but no money to a school which was placing doctors in nearly every county seat in Iowa.

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No conscious effort was ever made to disguise or conceal the method used by UOMHS to reimburse Dr. Azneer for his contributions. In fact, in 1989 when questions were raised by a disgruntled former employee of UOMHS regarding a variety of matters, contribution reimbursement was reviewed by the UOMHS comptroller, the UOMHS in-house legal counsel, outside legal counsel and by members of the finance committee of UOMHS. None of these professional persons indicated to Dr. Azneer, either orally or in writing, that the procedure being utilized was prohibited by either state or federal election campaign laws.

When interviewed, both the outside legal counsel and the in-house legal counsel for UOMHS informed David Belin's office that prior to the time of the interviews they had been unaware that third party reimbursement of political contributions was prohibited by both state and federal campaign election laws.

Consequently, the only change made at the time of this review in 1989 was to insure that careful records be maintained of the contributions and reimbursements. (We provide attached Exhibit "A" which is the ledger that was maintained of these contributions by the business office at UOMHS).

It is important to note in evaluating Dr. Azneer's conduct that he frequently contributed to both sides of the same race (albeit through others). This was true in the Conlin-Brandstad race as well as the Avenson-Brandstad race. If Dr. Azneer's goal had been personal, rather than University based, it is obvious he would have contributed to the candidate of his choice rather than to both sides of the same race.

Indeed, if Dr. Azneer had any suspicion that his conduct violated state or federal statute, it would have been a simple matter to have his annual salary adjusted by an amount which would have enabled his contributions to continue without inappropriate reimbursement.

II. LEGAL ANALYSIS

The conduct of Dr. Azneer in receiving reimbursement for political contributions made by him is a violation of Chapter 56, Code of Iowa. Once the technical violation is established the commission must next determine whether Dr. Azneer's conduct was willful as Chapter 56.16 provides that:

"Any person who willfully violates any provisions of this chapter shall upon conviction, be guilty of a serious misdemeanor."

The Iowa Supreme Court has defined "willful" to mean purposely, deliberately and intentionally. State v. Dunn, 199 N.W.2d 104 (Iowa 1972). In this case, Dr. Azneer did not even know of the statute's existence, let alone deliberately violate it. In fact, none of Dr. Azneer's legal, accountancy or political advisors knew that the conduct violated any state or federal campaign contribution statute.

24043561169

III. PROPOSAL

240435611/0

Sincerely,

Gerald W. Crawford

EXHIBIT

"A"

Prepared By	Initial
Approved By	

WILSON JONES COMPANY

07500 Columbia Ave

MADE

Date	Name	Amount	Balance	Payment	Balance
1990					
9/26	Harkin	1000 ⁰⁰	1446 ⁴⁰		
	Ed Kelly	100 ⁰⁰	1446 ⁴⁰		
10/9	Tim Urban	100 ⁰⁰	1446 ⁴⁰		
	Grassley	500 ⁰⁰	723 ²⁰		
	Campbell	200 ⁰⁰	289 ²⁸	Pd 10-31-90	2748 ¹⁶
10/18	AVERSON	10000 ⁰⁰	14464 ⁰⁰	Pd 10-18-90	14464 ⁰⁰
1991					
6/3	Senator Jarn	90 ⁰⁰	130 ¹⁸	Pd 6-30-91	130 ¹⁸
7/16	Grassley	500 ⁰⁰	723 ²⁰		
	Cook	100 ⁰⁰	14464 ⁰⁰	Pd 7-31-91	867 ⁸⁴
8/13	Smith	1000 ⁰⁰	14464 ⁰⁰		
8/13	Bradstra	1000 ⁰⁰	14464 ⁰⁰	Pd 8-31-91	2892 ⁸⁰
9/25	Bradstra (Binary function)	500 ⁰⁰	723 ²⁰		
10/14	Bonnie Campbell	250 ⁰⁰	361 ⁶⁰		
10/14	Hutchins	100 ⁰⁰	14464 ⁰⁰		
10/14	Welsh	100 ⁰⁰	14464 ⁰⁰		
10/21	Pat -	100 ⁰⁰	14464 ⁰⁰	Pd 10-24-91	1518 ⁷²
12/23	Smith	500 ⁰⁰	723 ²⁰		
	Haton	100 ⁰⁰	144 ⁶⁴	Pd 12-31-91	867 ⁸⁴
1992					
2/14	Maddox for Senate (omn)	50 ⁰⁰	723 ²⁰	Pd 2-28-92	723 ²⁰
3/31	gallen	200 ⁰⁰	289 ²⁸	Pd 4-30-92	289 ²⁸
4/11	Hatch	723²⁰ 500 ⁰⁰	723²⁰ 723 ²⁰	Pd 5-31-92 578 ⁷²	723 ²⁰
6/1	Elaine Baxter	100 ⁰⁰	14464 ⁰⁰	Pd 6-30-92	14464 ⁰⁰
7/27	Willythorn Base	100 ⁰⁰	14464 ⁰⁰		
8/17	Bob Dale for Senate	1000 ⁰⁰	14464 ⁰⁰	Pd 8/31/92	1591 ⁰⁴
9/14	Elaine Szymoniak	200 ⁰⁰	289 ²⁸	Pd 9/30/92	289 ²⁸

$Amt \times 28\%$ $Amt + 28\% Amt = Total \times 13\%$ $Total + 13\% Amt = Rate$

		Amt	Rate Amt	Date PAID	
7/26	Bonnie Campbell	100 ⁰⁰	144 ⁶⁴	8-31-89	
8/11	REPUBLIC Party of IA	100 ⁰⁰	144 ⁶⁴	8-31-89	<u>289²⁸</u>
9/27	Governor's Birthday Party	500 ⁰⁰	723 ²⁰		
10/2	Grossley	500 ⁰⁰	723 ²⁰	10/89	<u>1446⁴⁰</u>
11/27	Shearzen	300 ⁰⁰	433 ²⁰	12/89	
12/1	Taukef, Tom	250 ⁰⁰	361 ⁶⁰	12/89	
12/1	PRESIDENTIAL TASK FORCE	240 ⁰⁰	347 ¹⁴	12/89	<u>1142⁶⁰</u>
1/3	Jack Hatch	250 ⁰⁰	361 ⁶⁰		
1/11	Miller for Governor	1000 ⁰⁰	1446 ⁴⁰	1/90	<u>1808⁰⁰</u>
2/7	IA Democratic Party	250 ⁰⁰	361 ⁶⁰		
2/7	Averson for Governor	150 ⁰⁰	216 ⁹⁶		
2/22	Nul Smith	500 ⁰⁰	723 ²⁰		
2/22	Harkin	1000 ⁰⁰	1446 ⁴⁰		
2/22	Nat'l Conf of Christians & Jews	115 ⁰⁰	166 ³⁴	2/90	<u>2914⁵⁰</u>
3/26	Nat'l Conf of Christians & Jews	115 ⁰⁰	166 ³⁴		
4/3	Marvin Pomerantz (Roast)	200 ⁰⁰	289 ²⁸		
4/19	Amer. Diabetes (Ross & Amy Selby Schwan)	100 ⁰⁰	144 ⁶⁴	4/90	<u>600²⁸</u>
4/30	Jack Hatch	500 ⁰⁰	723 ²⁰	5/90	<u>723²⁰</u>
5/30	Yarn Bought for Senate	200 ⁰⁰	289 ²⁸		<u>289²⁸</u>
9/19	Wusch Governor Bradstra	200 ⁰⁰ 10000 ⁰⁰	289 ²⁸ 14464 ⁰⁰		<u>14753²⁸</u>

2205

EXHIBIT

"A"

Prepared By	Initial
Approved By	

WILSON JONES COMPANY 07504 Columbia

Date	Name	Amount	Balance	Payment	Balance
1990					
9/26	Harkin	1000.00	1446.40		
	Ed Kelly	100.00	1446.40		
10/9	Tim Urban	100.00	1446.40		
	Grassley	500.00	723.20		
	Campbell	200.00	289.28		
10/18	AVERSON	10000.00	14464.00	Pd 10-31-90	2748.16
				Pd 10-18-90	14464.00
1991					
6/3	Senator Jarn	90.00	130.18	Pd 6-30-91	130.18
7/16	Grassley	500.00	723.20		
	Cook	100.00	1446.40	Pd 7-31-91	867.84
8/13	Smith	1000.00	1446.40		
8/13	Bradstra	1000.00	1446.40	Pd 8-31-91	2892.80
9/25	Bradstra (Binary function)	500.00	723.20		
10/14	Bonnie Campbell	250.00	361.60		
10/14	Hutchins	100.00	1446.40		
10/14	Welsh	100.00	1446.40		
10/21	Pat -	100.00	1446.40	Pd 10-24-91	1518.72
12/13	Smith	500.00	723.20		
	Hatch	100.00	144.64	Pd 12-31-91	867.84
1992					
2/14	Maddox for Senate (anna)	50.00	72.32	Pd 2-28-92	72.32
3/31	gallen	200.00	289.28	Pd 4-30-92	289.28
4/11	Hatch	700.00 500.00	518.72 723.20	Pd 5-31-92 518.72	723.20
6/1	Elaine BARTER	100.00	144.64	Pd 6-30-92	144.64
7/27	Willington Gaze	100.00	144.64		
8/17	Bob Dole for Senate	1000.00	1446.40	Pd 8/31/92	1591.04
9/14	Elaine Szymoniak	200.00	289.28	Pd 9/30/92	289.28

$Amt \times 28\%$ $Amt + 28\% Amt = Total \times 13\%$ $Total + 13\% Amt = Rate$

		Amt	Rate Amt	Date PAID	
7/26	BONNIE CAMPBELL	100 ⁰⁰	144 ⁴⁴	8-31-89	
8/11	REPUBLIC PARTY OF IA	100 ⁰⁰	144 ⁴⁴	8-31-89	289 ²⁸
9/27	Governor's Birthday Party	500 ⁰⁰	723 ²⁰		
10/2	Grassley	500 ⁰⁰	723 ²⁰	10/18/89	1446 ⁴⁰
11/27	Shearzen	300 ⁰⁰	433 ²⁴	12/89	
12/1	Taukef, Tom	250 ⁰⁰	361 ⁶⁰	12/89	
12/1	PRESIDENTIAL TASK FORCE	240 ⁰⁰	347 ¹⁴	12/89	1142 ⁶⁰
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2/7	AVERSON for GOVERNOR	150 ⁰⁰	216 ⁹⁶		
2/22	Nul Smith	500 ⁰⁰	723 ²⁰		
2/22	Harkin	1000 ⁰⁰	1446 ⁴⁰		
2/22	Nat'l Conf of Christians & Jews	115 ⁰⁰	166 ³⁴	2/90	2914 ⁵⁰
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4/3	Martin Pomerantz (Roast)	200 ⁰⁰	289 ²⁸		
4/19	Amer. Diabetes (Kiss a Pig Gary Schwan)	100 ⁰⁰	144 ⁴⁴	4/90	600 ²⁶
4/30	Jack Hatch	500 ⁰⁰	723 ²⁰	5/90	723 ²⁰
5/30	Yarn Campaign for Senate	200 ⁰⁰	289 ²⁸		289 ²⁸
9/19	Welsch Governor Bradstra	200 ⁰⁰ 10000 ⁰⁰	289 ²⁸ 14464 ⁰⁰		14753 ²⁶

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Don Wene

(1) #9 re: Found letters
re: free of tuition / awards
- criminal re: donor - depressed
first

political controls -
- 501(c)(3) ?
put money back
(not criminal - but

24043561175

DAVIS, HOCKENBERG, WINE, BROWN, KOEHN & SHORS

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 ANSWERING SERVICE (00-44) 461-0300
 INT'L FACSIMILE (00-44) 706-4728
 INT'L TELE (00-44) 706-4728

August 15, 1989

Dr. J. Leonard Azneer
 University of Osteopathic
 Medicine and Health Sciences
 3400 Grand Avenue
 Des Moines, IA 50312

RE: John Foust/UOMHS

Dear Dr. Azneer:

This letter is to confirm my tentative conclusions with respect to the allegations of John Foust contained in a letter dated June 8, 1989.

I attended a meeting of the Finance Committee called by you to advise the Finance Committee of the allegations. I advised the Finance Committee, based on the facts provided to the Committee by you, that I did not believe any criminal misconduct had occurred at the University or Foundation. I did not have sufficient time to conduct any investigation or research concerning the issues.

In addition to the allegations contained in the June 8th letter we also discussed questions concerning campaign contributions. It is my understanding that you are seeking further guidance on this issue from Don Wine.

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Dr. J. Leonard Aznear
Page Two
August 15, 1989

In summary, it was my conclusion, based on the facts given to me by you, that I did not believe any misconduct had occurred. However I advised you that further research should be done with respect to the issue of campaign finance and the question of Presidential Scholarships. It is my understanding you have requested further advice concerning these issues.

Sincerely,

DAVIS, HOCKENBERG, WINE, BROWN, KOEHN & SHORS

Edw N. McIntosh
Edwin N. McIntosh

ENM/cjp
cc: Richard Needham

7404356117

**BELIN HARRIS
LAMSON McCORMICK**

A PROFESSIONAL CORPORATION • ATTORNEYS AT LAW

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John T. Setz
Gerard D. Neugent
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Dennis P. Ogden
Margaret C. Callahan

Robert D. Sharp
William P. Hoyo
Mark E. Weinhardt
John M. Bouslog
Timothy P. Willcockson

Of Counsel
Sue Luettjohann Setz
Lawrence E. Pope

March 31, 1993

BY TELECOPIER

Ms. Tonda Mott
Staff Attorney
Federal Election Commission
999 East Street N.W.
Washington, D.C. 20463

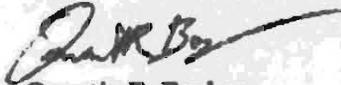
Pre MUR 273

Re: **University of Osteopathic Medicine and Health Sciences**

Dear Ms. Mott:

Attached to this letter, please find the statement of designation of counsel which Dr. Richard Kotz has signed on behalf of the University of Osteopathic Medicine and Health Sciences designating our law firm as its legal counsel to receive notifications and other communications from the Federal Election Commission. Dr. Kotz is the chairman of the University's Board of Trustees.

Sincerely,



Quentin R. Boyken
For the Firm

ORB/njm
d:\c0094\mott.doc

2404356118

STATEMENT OF DESIGNATION OF COUNSEL

DATE _____

NAME OF COUNSEL: David W. Belin and Quentin R. Boyken

ADDRESS: Belin Harris Lanson McCormick
A Professional Corporation
2000 Financial Center

Des Moines, Iowa 50309

TELEPHONE: (515)243-7100

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.

3-18-93
Date

Richard M. Rotz, D.O.
Signature Richard M. Rotz, D.O.
Chairman, Board of Trustees

RESPONDENT'S NAME: University of Osteopathic Medicine
and Health Sciences

ADDRESS: 3440 Grand Avenue

Des Moines, Iowa 50312

HOME PHONE: _____

BUSINESS PHONE: 271-1501

240435611/9

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

RECEIVED
F.E.C.
SECRETARIAT

93 MAY 17 PM 3:43

SENSITIVE

FIRST GENERAL COUNSEL'S REPORT

Pre-MUR # 273
STAFF MEMBER: Tonda Mott

SOURCE: SUA SPONTE SUBMISSION

RESPONDENT: University of Osteopathic Medicine and Health
Sciences of Des Moines, Iowa

Dr. J. Leonard Azneer

RELEVANT STATUTES: 2 U.S.C. § 441b
2 U.S.C. § 441f
11 C.F.R. § 110.4(b)(1)(iii)

INTERNAL REPORTS CHECKED: Contributor Indices

FEDERAL AGENCIES CHECKED: None

I. GENERATION OF MATTER

This matter was generated by a sua sponte submission filed on December 21, 1992, by counsel ("Belin firm") for the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa ("UOMHS"). Attachment 1. Counsel submitted additional material which this Office received on January 21, 1993. Attachment 2.

On February 19, 1993, staff met with Jerry Crawford, counsel for Dr. J. Leonard Azneer, at his request. At that time, Mr. Crawford also submitted a written statement of his client's version of facts of this matter. The information submitted by Mr. Crawford included a letter dated January 14, 1993, from himself to the Iowa State Campaign Finance Disclosure Commission ("the State Commission"), which had previously been submitted by UOMHS with its January 21 submission.

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Attachment 2, pp. 20-24. Mr. Crawford also provided two documents which he maintains are proof that Dr. Azneer had sought legal advice before engaging in the conduct which is the subject of this matter. Attachment 3.

II. FACTUAL AND LEGAL ANALYSIS

Certain facts are undisputed by both UOMHS and Dr. Azneer (collectively, "Respondents"). UOMHS is a non-profit corporation organized under § 501(c)(3) of the Internal Revenue Code. Dr. Azneer served as president of UOMHS from the early 1970's until present. Dr. Keith D. Blayney was appointed as chancellor of UOMHS in July of 1992. In September 1992, Dr. Blayney brought to light various allegations against Dr. Azneer regarding the administration and management of UOMHS.¹ In October 1992, the Belin firm began an investigation into Dr. Blayney's allegations, which ultimately resulted in the sua sponte submission of this matter.

From as early as 1983 until as recently as September 1992, Dr. Azneer made numerous and substantial contributions to state and federal candidates for which he was reimbursed by UOMHS.²

1. Both Dr. Azneer and Dr. Blayney are currently on administrative leave from UOMHS until resolution of the investigations into this and other related matters. In addition to this matter, several other state and federal agencies are investigating allegations, including the Iowa Campaign Disclosure Commission; Polk County Attorney's Office; and DOJ's Public Integrity Section.

2. The 1983 date was established by the sua sponte submission. However, it is possible that reimbursement for contributions may have occurred earlier. The FEC Contributor Index shows no contributions by Dr. Azneer in the 1981-82 election cycle, but one \$200 contribution by Dr. Azneer to the Grassley Committee in the 1979-80 election cycle. It is not known whether any

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Reimbursement to Dr. Azneer, in the form of salary enhancements, included the amount of all political contributions plus compensation for the tax consequences of the increased salary resulting from the reimbursement. Additionally, Dr. Azneer personally reimbursed other individuals for political contributions which they made at his request, and he was then reimbursed himself by UOMHS through salary enhancements.

According to an investigation conducted by the Belin firm,³ the dollar amount of reimbursements by UOMHS to Dr. Azneer for political contributions from 1983 through 1992 is as follows⁴:

<u>Year</u>	<u>Reimbursement</u>
1983	\$ 5,831.00
1984	9,814.00
1985	16,390.20
1986	26,005.00
1987	4,481.24
1988	6,181.56
1989	4,758.66
1990	38,300.68
1991	6,277.38
1992	3,109.76
Total	\$ 121,149.48

Attachment 2, p. 9.

(Footnote 2 continued from previous page)
contributions prior to 1983 were reimbursed by UOMHS. Additionally, the FEC Contributor Index would not reveal contributions made in the name of another which may have been reimbursed by UOMHS.

3. Although they state this was an "independent investigation," we note that the Belin firm represents UOMHS in this matter.

4. The figures from the FEC Contributor Index indicate lower totals, partially because the Index total does not include contributions to state candidates and also does not reflect contributions made in the name of another and reimbursed by Dr. Azneer. Further investigation would be necessary to identify all contributions of this reimbursement scheme which are in violation of the Act.

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UOMHS concedes that Dr. Azneer made such contributions and was reimbursed for them by the University. Attachment 2, p. 6. UOMHS further concedes that it understands that such reimbursements constitute corporate contributions. Id. However, UOMHS claims that they "found no evidence thus far to indicate that any of the political committees receiving contributions from Dr. Azneer, or from those individuals whom he asked to contribute and to whom he reimbursed the contributions, knew that ultimately the source of the contributions was the University...." Id., p. 7. Further, by means of a resolution adopted on December 5, 1992, UOMHS states that "until advised by the interim report of the independent investigation undertaken by the Belin Harris Lamson McCormick law firm, the Board of Trustees had no knowledge of the evidence of a practice of making unlawful indirect political contributions." Attachment 1, p. 4.⁵

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5. Counsel for UOMHS also appears to contend that only those contributions from the past three years are properly at issue in this matter. Attachment 2, p. 15 (citing 2 U.S.C. § 455 statute of limitation period); Id., pp. 16-19 (tables providing detailed information regarding only those contributions from late July 1989 to the final contribution in September 1992).

This contention is erroneous, as was established in Federal Election Commission v. Lance, 617 F.2d 365 (5th Cir. 1989). In Lance, the court established that 2 U.S.C. § 455 "applies only to the criminal prosecutions for violations of the FECA authorized by 2 U.S.C. § 441j." Id. at 372. The court concluded that, based on the legislative history of Section 455, there is "no time limit to the FEC's power to seek a section 437g [civil] remedy." Id. Therefore, all contributions made by Dr. Azneer or others to federal candidates and reimbursed by UOMHS would be in violation of 2 U.S.C. § 441b, regardless of when such contributions occurred.

Dr. Azneer concedes that he received reimbursement from UOMHS for political contributions, and that such reimbursement violates state law. Attachment 2, p. 21. In a meeting with staff, Mr. Crawford stated that he understands that such practices also violate federal law. Nevertheless, Dr. Azneer states that he was "persuaded that participation as a political contributor was essential [to the University's mission]." Id., p. 20. Dr. Azneer further claims that in 1989 the reimbursement practice was "reviewed by the UOMHS comptroller, the UOMHS in-house legal counsel, outside legal counsel and by members of the finance committee of UOMHS," and that "[n]one of these professional persons indicated to Dr. Azneer, either orally or in writing, that the procedure being utilized was prohibited by either state or [sic] federal election campaign laws." Id., p. 21.

In support of his contention, Dr. Azneer provided a copy of a letter, dated August 15, 1989, from outside legal counsel, Edwin McIntosh. Attachment 3, pp. 1-2. The letter contains advice concerning allegations made in 1989 against UOMHS. The letter states that Mr. McIntosh "did not believe any criminal misconduct had occurred." Id. The letter also advised that "further research should be done with respect to the issue of campaign finance." Id., p. 2.

Counsel also provided an undated, unidentified handwritten note which he states was written by UOMHS in-house counsel, Richard Needham, while in conversation with outside counsel, Don Wine. Attachment 3, p. 3. Under the heading of "Political

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contrib[utions]," the note states "put money back (not criminal - but [sic] [nothing follows]." Id.

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The Federal Election Campaign Act of 1971, as amended (the "Act"), provides that no corporation whatever shall make any contribution or expenditure in connection with any election for Federal office and that no political committee shall knowingly accept such a contribution or expenditure. No officer or director of a corporation may consent to the making of a prohibited contribution or expenditure. 2 U.S.C. § 441b(a). The definition of "contribution or expenditure" for purposes of 2 U.S.C. § 441b includes any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value (except a loan of money by a national or State bank made in accordance with the applicable banking laws and regulations and in the ordinary course of business) to any candidate, campaign committee, or political party or organization, in connection with any election. 2 U.S.C. § 441b(b)(2).

The provisions of the Act also provide that no person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution made by one person in the name of another person. 2 U.S.C. § 441f; 11 C.F.R. § 110.4(b)(1)(i) and (ii). Under Commission regulations, a contribution in the name of another includes giving money or anything of value, all or part of which is provided to the contributor by another person without disclosing the source of

the money or thing of value to the recipient candidate or committee at the time the contribution is made. 11 C.F.R. § 110.4(b)(2)(i).

Moreover, a person who knowingly assists in the making of contributions in the name of another also violates that provision. See FEC v. Rodriguez, No. 86-687 Civ-T-10 (M.D. Fla. October 28, 1988) (unpublished default judgment). Commission regulations now make explicit this cogent interpretation of the prohibition. 11 C.F.R. § 110.4(b)(1)(iii)(1989).

Dr. Azneer's argument regarding his intentions in making these contributions is without relevance. Neither Section 441b nor 441f require a knowing and willful violation of those provisions of the Act. The regulations of Section 441f do prohibit "knowingly" assisting in the making of contributions in the name of another. However, the "knowing" standard refers to knowledge of the action taken, not knowledge that such action violated federal law. Cf. FEC v. Dramesi for Congress Committee, 640 F. Supp. 985, 987 (D.N.J. 1986) ("knowing" standard of 2 U.S.C. § 441a(f) "does not require knowledge that one is violating a law, but merely requires an intent to act.") It is clear that Dr. Azneer knew that he was reimbursing himself for contributions which he had made, and that he was orchestrating contributions by others and reimbursing them.

Moreover, there is little relevance in Dr. Azneer's reasoning that in 1989 various "professional persons" did not indicate that the practice was prohibited. The exact nature of the 1989 allegations is not apparent from the letter provided.

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See, attachment 3, pp. 1-2. However, the report by the Belin firm to the State Commission seems to indicate that the political contributions were questioned in the context of the corporation's tax-exempt status rather than in analyzing whether federal campaign laws were violated. Attachment 2, p. 11. Additionally, the advice given in the letter concerns criminal misconduct and the letter expressly states that "further research should be done with respect to the issue of campaign finance." See, attachment 3, pp. 1-2. Further, the true origin and purpose of the handwritten note submitted by Dr. Azneer is not clear from the face of the document and, as such, is of no evidentiary value at this time. See, id., p. 3.

Both Respondents concede that violations occurred. There is no question that, since at least 1983, Dr. Azneer has reimbursed himself with corporate funds for political contributions which he made. Thus, those contributions were ultimately made by a corporation, which is prohibited by the Act. Additionally, Dr. Azneer orchestrated contributions by others, personally reimbursed those contributors, and then reimbursed himself from corporate funds. Thus, those contributions constituted prohibited corporate contributions as well as contributions in the name of another.

In its sua sponte submission, UOMBS requested pre-probable cause conciliation in this matter as soon as possible.⁶

6. Although counsel for Dr. Azneer expressed interest in pre-probable cause conciliation at the meeting with staff, he has not submitted a written request for such.

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Nevertheless, this Office believes that conciliation is not proper at this time. The ongoing investigations by other agencies of circumstances surrounding this matter may have some effect on the resolution of this matter. Furthermore, because this activity has been ongoing for a considerable length of time and involves a large sum of money, certain information must be obtained prior to a determination of the full extent of the violations. Finally, although it does not appear at this time that there are sufficient grounds for a finding of a knowing and willful violation, further investigation of that issue is necessary in light of questions raised by statements made by both Respondents and documents provided by counsel for Dr. Azneer. If the Commission approves the recommendations made in this report, this Office will send interrogatories to both Respondents in an attempt to identify all contributions which violate the Act and to further clarify questions raised regarding when Respondents became aware that the activity violates the Act.

Therefore, this Office recommends that the Commission open a MUR and find reason to believe that the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa violated 2 U.S.C. §§ 441b and 441f, and that Dr. J. Leonard Azneer violated 2 U.S.C. §§ 441b and 441f. This Office further recommends that the Commission reject the request by UOMHS for pre-probable cause conciliation, at this time.

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III. RECOMMENDATIONS

1. Open a MUR.
2. Find reason to believe that the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa violated 2 U.S.C. §§ 441b and 441f.
3. Find reason to believe that Dr. J. Leonard Azneer violated 2 U.S.C. §§ 441b and 441f.
4. Reject the request for pre-probable cause conciliation submitted by the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa.
5. Approve the attached Factual and Legal Analyses, and the appropriate letters.

Lawrence M. Noble
General Counsel

Date

5/17/93

BY:


Lois G. Lerner
Associate General Counsel

Attachments

1. Sua sponte submission from UOMHS
2. Supplemental information from UOMHS
3. Submission from Dr. Azneer
4. Factual and Legal Analyses (2)

24043561139



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20461

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS /DONNA ROACH *DR*
COMMISSION SECRETARY

DATE: MAY 20, 1993

SUBJECT: Pre-MUR 273 - FIRST GENERAL COUNSEL'S REPORT
DATED MAY 17, 1993.

The above-captioned document was circulated to the
Commission on TUESDAY, MAY 18, 1993 at 11:00 a.m.

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

- Commissioner Aikens _____
- Commissioner Elliott _____
- Commissioner McDonald _____
- Commissioner McGarry _____
- Commissioner Potter XXX
- Commissioner Thomas _____

This matter will be placed on the meeting agenda
for TUESDAY, MAY 25, 1993

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

24043561170

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
University of Osteopathic Medicine) Pre-MUR 273
and Health Sciences of Des Moines,) 3781
Iowa;)
Dr. J. Leonard Azneer)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on May 25, 1993, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions with respect to Pre-MUR 273:

1. Open a MUR.
2. Find reason to believe that the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa violated 2 U.S.C. §§ 441b and 441f.
3. Find reason to believe that Dr. J. Leonard Azneer violated 2 U.S.C. §§ 441b and 441f.
4. Reject the request for pre-probable cause conciliation submitted by the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa.

(continued)

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5. Approve the Factual and Legal Analyses and the appropriate letters as recommended in the General Counsel's report dated May 17, 1993.

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

Attest:

5-26-93
Date

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

24043561172



FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

MAY 28, 1993

David W. Belin, Esquire
Belin, Harris, Lamson & McCormick
2000 Financial Center
Des Moines, Iowa 50309

RE: MUR 3781
(Formerly Pre-MUR 273)

Dear Mr. Belin:

On May 25, 1993, the Federal Election Commission found that there is reason to believe your clients, the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa, violated 2 U.S.C. §§ 441b and 441f, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

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

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

In your initial submission of January 14, 1993, you requested to enter into conciliation negotiations prior to a finding of probable cause to believe. The Commission has reviewed your request and determined to decline at this time to enter into conciliation prior to a finding of probable cause to believe because additional information is necessary. At such time when the investigation in this matter has been completed, the Commission will reconsider your request to enter into conciliation prior to a finding of probable cause to believe.

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

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MUR 3781
David Belin, Esq.
Page 2

For your information, we have enclosed a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Tonda M. Mott, the attorney assigned to this matter, at (202) 219-3400.

Sincerely,



Scott E. Thomas
Chairman

Enclosures
Factual and Legal Analysis
Procedures

24043561194

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: University of Osteopathic Medicine and Health
Sciences of Des Moines, Iowa

I. GENERATION OF MATTER

This matter was generated by a sua sponte submission filed on December 21, 1992, by counsel ("Belin firm") for the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa ("UOMHS"). Counsel submitted additional material which this Office received on January 21, 1993.

On February 19, 1993, Jerry Crawford, counsel for Dr. J. Leonard Azneer, submitted a written statement of his client's version of facts of this matter. The information submitted by Mr. Crawford included a letter dated January 14, 1993, from himself to the Iowa State Campaign Finance Disclosure Commission ("the State Commission"), which had previously been submitted by UOMHS with its January 21 submission. Mr. Crawford also provided two documents which he maintains are proof that Dr. Azneer had sought legal advice before engaging in the conduct which is the subject of this matter.

II. FACTUAL AND LEGAL ANALYSIS

Certain facts are undisputed by both UOMHS and Dr. Azneer (collectively, "Respondents"). UOMHS is a non-profit corporation organized under § 501(c)(3) of the Internal Revenue Code. Dr. Azneer served as president of UOMHS from the early 1970's until present. Dr. Keith D. Blayney was appointed as

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chancellor of UOMHS in July of 1992. In September 1992, Dr. Blayney brought to light various allegations against Dr. Azneer regarding the administration and management of UOMHS.¹ In October 1992, the Belin firm began an investigation into Dr. Blayney's allegations, which ultimately resulted in the sua sponte submission of this matter.

From as early as 1983 until as recently as September 1992, Dr. Azneer made numerous and substantial contributions to state and federal candidates for which he was reimbursed by UOMHS.² Reimbursement to Dr. Azneer, in the form of salary enhancements, included the amount of all political contributions plus compensation for the tax consequences of the increased salary resulting from the reimbursement. Additionally, Dr. Azneer personally reimbursed other individuals for political contributions which they made at his request, and he was then reimbursed himself by UOMHS through salary enhancements.

1. Both Dr. Azneer and Dr. Blayney are currently on administrative leave from UOMHS until resolution of the investigations into this and other related matters. According to Respondents, several other state and federal agencies are also investigating allegations, including the Iowa Campaign Disclosure Commission; Polk County Attorney's Office; and DOJ's Public Integrity Section.

2. The 1983 date was established by the sua sponte submission. However, it is possible that reimbursement for contributions may have occurred earlier. The FEC Contributor Index shows no contributions by Dr. Azneer in the 1981-82 election cycle, but one \$200 contribution by Dr. Azneer to the Grassley Committee in the 1979-80 election cycle. It is not known whether any contributions prior to 1983 were reimbursed by UOMHS. Additionally, the FEC Contributor Index would not reveal contributions made in the name of another which may have been reimbursed by UOMHS.

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According to an investigation conducted by the Belin firm, the dollar amount of reimbursements by UOMHS to Dr. Azneer for political contributions from 1983 through 1992 is as follows³:

<u>Year</u>	<u>Reimbursement</u>
1983	\$ 5,831.00
1984	9,814.00
1985	16,390.20
1986	26,005.00
1987	4,481.24
1988	6,181.56
1989	4,758.66
1990	38,300.68
1991	6,277.38
1992	3,109.76
Total	\$ 121,149.48

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UOMHS concedes that Dr. Azneer made such contributions and was reimbursed for them by the University. UOMHS further concedes that it understands that such reimbursements constitute corporate contributions. However, UOMHS claims that they "found no evidence thus far to indicate that any of the political committees receiving contributions from Dr. Azneer, or from those individuals whom he asked to contribute and to whom he reimbursed the contributions, knew that ultimately the source of the contributions was the University...." Further, by means of a resolution adopted on December 5, 1992, UOMHS states that "until advised by the interim report of the independent investigation undertaken by the Belin Harris Lamson McCormick law firm, the Board of Trustees had no knowledge of the evidence

3. The figures from the FEC Contributor Index indicate lower totals, partially because the Index total does not include contributions to state candidates and also does not reflect contributions made in the name of another and reimbursed by Dr. Azneer.

of a practice of making unlawful indirect political contributions."⁴

Dr. Azneer concedes that he received reimbursement from UOMHS for political contributions, and that such reimbursement violates state law. Mr. Crawford stated that he understands that such practices also violate federal law. Nevertheless, Dr. Azneer states that he was "persuaded that participation as a political contributor was essential [to the University's mission]." Dr. Azneer further claims that in 1989 the reimbursement practice was "reviewed by the UOMHS comptroller, the UOMHS in-house legal counsel, outside legal counsel and by members of the finance committee of UOMHS," and that "[n]one of these professional persons indicated to Dr. Azneer, either orally or in writing, that the procedure being utilized was prohibited by either state or [sic] federal election campaign laws."

In support of his contention, Dr. Azneer provided a copy of a letter, dated August 15, 1989, from outside legal counsel, Edwin McIntosh. The letter contains advice concerning

4. Counsel for UOMHS also appears to contend that only those contributions from the past three years are properly at issue in this matter. This contention is erroneous, as was established in Federal Election Commission v. Lance, 617 F.2d 365 (5th Cir. 1989). In Lance, the court established that 2 U.S.C. § 455 "applies only to the criminal prosecutions for violations of the FECA authorized by 2 U.S.C. § 441j." Id. at 372. The court concluded that, based on the legislative history of Section 455, there is "no time limit to the FEC's power to seek a section 437g [civil] remedy." Id. Therefore, all contributions made by Dr. Azneer or others to federal candidates and reimbursed by UOMHS would be in violation of 2 U.S.C. § 441b, regardless of when such contributions occurred.

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allegations made in 1989 against UOMHS. The letter states that Mr. McIntosh "did not believe any criminal misconduct had occurred." The letter also advised that "further research should be done with respect to the issue of campaign finance."

Counsel also provided an undated, unidentified handwritten note which he states was written by UOMHS in-house counsel, Richard Needham, while in conversation with outside counsel, Don Wine. Under the heading of "Political contrib[utions]," the note says "put money back (not criminal - but [sic] [nothing follows])."

24043561199
The Federal Election Campaign Act of 1971, as amended (the "Act"), provides that no corporation whatever shall make any contribution or expenditure in connection with any election for Federal office and that no political committee shall knowingly accept such a contribution or expenditure. No officer or director of a corporation may consent to the making of a prohibited contribution or expenditure. 2 U.S.C. § 441b(a). The definition of "contribution or expenditure" for purposes of 2 U.S.C. § 441b includes any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value (except a loan of money by a national or State bank made in accordance with the applicable banking laws and regulations and in the ordinary course of business) to any candidate, campaign committee, or political party or organization, in connection with any election. 2 U.S.C. § 441b(b)(2).

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The provisions of the Act also provide that no person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution made by one person in the name of another person. 2 U.S.C. § 441f; 11 C.F.R. § 110.4(b)(1)(i) and (ii). Under Commission regulations, a contribution in the name of another includes giving money or anything of value, all or part of which is provided to the contributor by another person without disclosing the source of the money or thing of value to the recipient candidate or committee at the time the contribution is made. 11 C.F.R. § 110.4(b)(2)(i).

Moreover, a person who knowingly assists in the making of contributions in the name of another also violates that provision. See FEC v. Rodriguez, No. 86-687 Civ-T-10 (M.D. Fla. October 28, 1988) (unpublished default judgment). Commission regulations now make explicit this cogent interpretation of the prohibition. 11 C.F.R. § 110.4(b)(1)(iii)(1989).

Dr. Azneer's argument regarding his intentions in making these contributions is without relevance. Neither Section 441b nor 441f require a knowing and willful violation of those provisions of the Act. The regulations of Section 441f do prohibit "knowingly" assisting in the making of contributions in the name of another. However, the "knowing" standard refers to knowledge of the action taken, not knowledge that such action violated federal law. Cf. FEC v. Dramesi for Congress Committee, 640 F. Supp. 985, 987 (D.N.J. 1986) ("knowing")

standard of 2 U.S.C. § 441a(f) "does not require knowledge that one is violating a law, but merely requires an intent to act.") It is clear that Dr. Azneer knew that he was reimbursing himself for contributions which he had made, and that he was orchestrating contributions by others and reimbursing them.

Moreover, there is little relevance in Dr. Azneer's reasoning that in 1989 various "professional persons" did not indicate that the practice was prohibited. The exact nature of the 1989 allegations is not apparent from the letter provided. However, the report by the Belin firm to the State Commission seems to indicate that the political contributions were questioned in the context of the corporation's tax-exempt status rather than in analyzing whether federal campaign laws were violated. Additionally, the advice given in the letter concerns criminal misconduct and the letter expressly states that "further research should be done with respect to the issue of campaign finance." Further, the true origin and purpose of the handwritten note submitted by Dr. Azneer is not clear from the face of the document and, as such, is of no evidentiary value at this time.

Both Respondents concede that violations occurred. There is no question that, since at least 1983, Dr. Azneer has reimbursed himself with corporate funds for political contributions which he made. Thus, those contributions were ultimately made by a corporation, which is prohibited by the Act. Additionally, Dr. Azneer orchestrated contributions by others, personally reimbursed those contributors, and then

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reimbursed himself from corporate funds. Thus, those contributions constituted prohibited corporate contributions as well as contributions in the name of another.

Therefore, there is reason to believe that the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa violated 2 U.S.C. §§ 441b and 441f.

24043561202



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MUR
3781

MAY 28, 1993

Gerald W. Crawford, Esq.
510 Liberty Building
Des Moines, IA 50309

RE: MUR 3781
(Formerly Pre-MUR 273)

Dear Mr. Crawford:

On May 15, 1993, the Federal Election Commission found that there is reason to believe your client, Dr. J. Leonard Azneer violated 2 U.S.C. §§ 441b and 441f, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

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

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

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

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MUR 3781
Gerald Crawford
Page 2

For your information, we have enclosed a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Tonda M. Mott, the attorney assigned to this matter, at (202) 219-3400.

Sincerely,



Scott E. Thomas
Chairman

Enclosures
Factual and Legal Analysis
Procedures

24043561204

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Dr. J. Leonard Azneer

I. GENERATION OF MATTER

This matter was generated by a sua sponte submission filed on December 21, 1992, by counsel ("Belin firm") for the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa ("UOMHS"). Counsel submitted additional material which this Office received on January 21, 1993.

On February 19, 1993, Jerry Crawford, counsel for Dr. J. Leonard Azneer, submitted a written statement of his client's version of facts of this matter. The information submitted by Mr. Crawford included a letter dated January 14, 1993, from himself to the Iowa State Campaign Finance Disclosure Commission ("the State Commission"), which had previously been submitted by UOMHS with its January 21 submission. Mr. Crawford also provided two documents which he maintains are proof that Dr. Azneer had sought legal advice before engaging in the conduct which is the subject of this matter.

II. FACTUAL AND LEGAL ANALYSIS

Certain facts are undisputed by both UOMHS and Dr. Azneer (collectively, "Respondents"). UOMHS is a non-profit corporation organized under § 501(c)(3) of the Internal Revenue Code. Dr. Azneer served as president of UOMHS from the early 1970's until present. Dr. Keith D. Blayney was appointed as chancellor of UOMHS in July of 1992. In September 1992,

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Dr. Blayney brought to light various allegations against Dr. Azneer regarding the administration and management of UOMHS.¹ In October 1992, the Belin firm began an investigation into Dr. Blayney's allegations, which ultimately resulted in the sua sponte submission of this matter.

From as early as 1983 until as recently as September 1992, Dr. Azneer made numerous and substantial contributions to state and federal candidates for which he was reimbursed by UOMHS.² Reimbursement to Dr. Azneer, in the form of salary enhancements, included the amount of all political contributions plus compensation for the tax consequences of the increased salary resulting from the reimbursement. Additionally, Dr. Azneer personally reimbursed other individuals for political contributions which they made at his request, and he was then reimbursed himself by UOMHS through salary enhancements.

1. Both Dr. Azneer and Dr. Blayney are currently on administrative leave from UOMHS until resolution of the investigations into this and other related matters. According to Respondents, several other state and federal agencies are also investigating allegations, including the Iowa Campaign Disclosure Commission; Polk County Attorney's Office; and DOJ's Public Integrity Section.

2. The 1983 date was established by the sua sponte submission. However, it is possible that reimbursement for contributions may have occurred earlier. The FEC Contributor Index shows no contributions by Dr. Azneer in the 1981-82 election cycle, but one \$200 contribution by Dr. Azneer to the Grassley Committee in the 1979-80 election cycle. It is not known whether any contributions prior to 1983 were reimbursed by UOMHS. Additionally, the FEC Contributor Index would not reveal contributions made in the name of another which may have been reimbursed by UOMHS.

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According to an investigation conducted by the Belin firm, the dollar amount of reimbursements by UOMHS to Dr. Azneer for political contributions from 1983 through 1992 is as follows³:

<u>Year</u>	<u>Reimbursement</u>
1983	\$ 5,831.00
1984	9,814.00
1985	16,390.20
1986	26,005.00
1987	4,481.24
1988	6,181.56
1989	4,758.66
1990	38,300.68
1991	6,277.38
1992	3,109.76
Total	\$ 121,149.48

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UOMHS concedes that Dr. Azneer made such contributions and was reimbursed for them by the University. UOMHS further concedes that it understands that such reimbursements constitute corporate contributions. However, UOMHS claims that they "found no evidence thus far to indicate that any of the political committees receiving contributions from Dr. Azneer, or from those individuals whom he asked to contribute and to whom he reimbursed the contributions, knew that ultimately the source of the contributions was the University...." Further, by means of a resolution adopted on December 5, 1992, UOMHS states that "until advised by the interim report of the independent investigation undertaken by the Belin Harris Lamson McCormick law firm, the Board of Trustees had no knowledge of the evidence

3. The figures from the FEC Contributor Index indicate lower totals, partially because the Index total does not include contributions to state candidates and also does not reflect contributions made in the name of another and reimbursed by Dr. Azneer.

of a practice of making unlawful indirect political contributions."⁴

Dr. Azneer concedes that he received reimbursement from UOMHS for political contributions, and that such reimbursement violates state law. Mr. Crawford stated that he understands that such practices also violate federal law. Nevertheless, Dr. Azneer states that he was "persuaded that participation as a political contributor was essential [to the University's mission]." Dr. Azneer further claims that in 1989 the reimbursement practice was "reviewed by the UOMHS comptroller, the UOMHS in-house legal counsel, outside legal counsel and by members of the finance committee of UOMHS," and that "[n]one of these professional persons indicated to Dr. Azneer, either orally or in writing, that the procedure being utilized was prohibited by either state or federal election campaign laws."

In support of his contention, Dr. Azneer provided a copy of a letter, dated August 15, 1989, from outside legal counsel, Edwin McIntosh. The letter contains advice concerning

4. Counsel for UOMHS also appears to contend that only those contributions from the past three years are properly at issue in this matter. This contention is erroneous, as was established in Federal Election Commission v. Lance, 617 F.2d 365 (5th Cir. 1989). In Lance, the court established that 2 U.S.C. § 455 "applies only to the criminal prosecutions for violations of the FECA authorized by 2 U.S.C. § 441j." Id. at 372. The court concluded that, based on the legislative history of Section 455, there is "no time limit to the FEC's power to seek a section 437g [civil] remedy." Id. Therefore, all contributions made by Dr. Azneer or others to federal candidates and reimbursed by UOMHS would be in violation of 2 U.S.C. § 441b, regardless of when such contributions occurred.

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allegations made in 1989 against UOMHS. The letter states that Mr. McIntosh "did not believe any criminal misconduct had occurred." The letter also advised that "further research should be done with respect to the issue of campaign finance."

Counsel also provided an undated, unidentified handwritten note which he states was written by UOMHS in-house counsel, Richard Needham, while in conversation with outside counsel, Don Wine. Under the heading of "Political contrib[utions]," the note says "put money back (not criminal - but [sic] [nothing follows])."

The Federal Election Campaign Act of 1971, as amended (the "Act"), provides that no corporation whatever shall make any contribution or expenditure in connection with any election for Federal office and that no political committee shall knowingly accept such a contribution or expenditure. No officer or director of a corporation may consent to the making of a prohibited contribution or expenditure. 2 U.S.C. § 441b(a). The definition of "contribution or expenditure" for purposes of 2 U.S.C. § 441b includes any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value (except a loan of money by a national or State bank made in accordance with the applicable banking laws and regulations and in the ordinary course of business) to any candidate, campaign committee, or political party or organization, in connection with any election. 2 U.S.C. § 441b(b)(2).

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The provisions of the Act also provide that no person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution made by one person in the name of another person. 2 U.S.C. § 441f; 11 C.F.R. § 110.4(b)(1)(i) and (ii). Under Commission regulations, a contribution in the name of another includes giving money or anything of value, all or part of which is provided to the contributor by another person without disclosing the source of the money or thing of value to the recipient candidate or committee at the time the contribution is made. 11 C.F.R. § 110.4(b)(2)(i).

Moreover, a person who knowingly assists in the making of contributions in the name of another also violates that provision. See FEC v. Rodriguez, No. 86-687 Civ-T-10 (M.D. Fla. October 28, 1988) (unpublished default judgment). Commission regulations now make explicit this cogent interpretation of the prohibition. 11 C.F.R. § 110.4(b)(1)(iii)(1989).

Dr. Azneer's argument regarding his intentions in making these contributions is without relevance. Neither Section 441b nor 441f require a knowing and willful violation of those provisions of the Act. The regulations of Section 441f do prohibit "knowingly" assisting in the making of contributions in the name of another. However, the "knowing" standard refers to knowledge of the action taken, not knowledge that such action violated federal law. Cf. FEC v. Dramesi for Congress Committee, 640 F. Supp. 985, 987 (D.N.J. 1986) ("knowing"

standard of 2 U.S.C. § 441a(f) "does not require knowledge that one is violating a law, but merely requires an intent to act.") It is clear that Dr. Azneer knew that he was reimbursing himself for contributions which he had made, and that he was orchestrating contributions by others and reimbursing them.

Moreover, there is little relevance in Dr. Azneer's reasoning that in 1989 various "professional persons" did not indicate that the practice was prohibited. The exact nature of the 1989 allegations is not apparent from the letter provided. However, the report by the Belin firm to the State Commission seems to indicate that the political contributions were questioned in the context of the corporation's tax-exempt status rather than in analyzing whether federal campaign laws were violated. Additionally, the advice given in the letter concerns criminal misconduct and the letter expressly states that "further research should be done with respect to the issue of campaign finance." Further, the true origin and purpose of the handwritten note submitted by Dr. Azneer is not clear from the face of the document and, as such, is of no evidentiary value at this time.

Both Respondents concede that violations occurred. There is no question that, since at least 1983, Dr. Azneer has reimbursed himself with corporate funds for political contributions which he made. Thus, those contributions were ultimately made by a corporation, which is prohibited by the Act. Additionally, Dr. Azneer orchestrated contributions by others, personally reimbursed those contributors, and then

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reimbursed himself from corporate funds. Thus, those contributions constituted prohibited corporate contributions as well as contributions in the name of another.

Therefore, there is reason to believe that Dr. J. Leonard Azneer violated 2 U.S.C. §§ 441b and 441f.

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Of Counsel
Sue Luettjohann Seitz
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Lawrence E. Pope

February 18, 1994

BY TELECOPIER AND FEDERAL EXPRESS

Ms. Tonda M. Phalen
Staff Attorney
Federal Election Commission
999 East Street N.W.
Washington, D.C. 20463

Re: University of Osteopathic Medicine and Health Sciences
MUR 3781

Dear Ms. Phalen:

As we discussed during our telephone conversation today, I am writing to formally request an additional ten days in which to submit additional factual and/or legal materials relevant to the Commission's consideration of the matter involving our client, the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa. We received your February 1, 1994 correspondence on February 4, 1994, so our original deadline was February 19, 1994. By this letter, we are requesting an additional ten days until March 1, 1994 to submit additional materials.

We are looking forward to the opportunity to present the Commission with additional information concerning the facts of this matter and with additional information concerning corrective steps the University has taken during the past 12 months since we initially reported this matter to the Federal Election Commission. Thank you in advance for your consideration of this extension request.

Sincerely,

Quentin R. Boyken
For the Firm

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P.S.: As we discussed, we need the additional time primarily due to the fact that the University's Chairperson is currently out of the state.

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COMMISSION



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20461

FEBRUARY 25, 1994

Mr. Quentin R. Boykin
Belin Harris Lamson McCormick
2000 Financial Center
Des Moines, Iowa 50309-3989

RE: MUR 3781
University of Osteopathic
Medicine and Health
Services

Dear Mr. Boykin:

This is in response to your letter dated February 18, 1994, which we received on February 22, 1994, requesting an extension until March 1, 1994, to submit additional factual and/or legal materials. 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 March 1, 1994.

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

Sincerely,

Tonda M. Phalen
Attorney

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FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20463

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SENSITIVE

January 13, 1994

MEMORANDUM

To: The Commission
From: Lois G. Lerner *LL*
Associate General Counsel
Subject: MURs 3781

Recommended Actions in Light of PEC v. NRA Political Victory Fund, No. 91-5360, (D.C. Cir. Oct. 22, 1993)

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I. BACKGROUND

On November 5, 1993, the Office of the General Counsel forwarded to the Commission a memorandum regarding the recent appellate decision in PEC v. NRA Political Victory Fund, et al. No. 91-5360 (D.C. Cir. Oct. 22, 1993) and advised the Commission on the effects and implications of that decision on the pending enforcement caseload. This Office has reviewed the Commission's pending enforcement docket and in this memorandum makes recommendations with respect to nine MURs in which the Commission found reason to believe prior to the court's decision in NRA. The recommendations put forth as to each of the nine matters are consistent with the Commission's November 9, 1993, decisions concerning compliance with the NRA opinion.

II. RECOMMENDED ACTIONS IN LIGHT OF PEC v. NRA

a. MUR 3781 (formerly PM 273)

This Office recommends that the Commission, consistent with its November 9, 1993, decisions concerning compliance with the NRA opinion, and based on the information contained in the sua sponte submission in this matter, revoke to: open a Matter Under Review; find reason to believe that the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa violated 2 U.S.C. §§ 441b and 441f; and, find reason to believe that Dr. J. Leonard Azneer violated 2 U.S.C. §§ 441b and 441f. This Office also recommends that the Commission revoke to approve the Factual and Legal Analyses for these respondents that were attached to the General Counsel's Report dated May 17, 1993. A copy of the certification reflecting the Commission's previous vote is attached. (Attachment 1.)

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III. RECOMMENDATIONS

1. **MUR 3781 (formerly PM 273)**
 - a. **Open a Matter Under Review.**
 - b. **Find reason to believe that the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa violated 2 U.S.C. §§ 441b and 441f.**
 - c. **Find reason to believe that Dr. J. Leonard Azneer violated 2 U.S.C. §§ 441b and 441f.**
 - d. **Approve the Factual and Legal Analyses that were attached to the General Counsel's Report dated May 17, 1993.**
 - e. **Approve the appropriate letters.**

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)	
)	
University of Osteopathic Medicine)	MUR 3781
and Health Sciences of Des Moines,)	(formerly Pre-MUR 273)
Iowa;)	
Dr. J. Leonard Azneer.)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on January 25, 1994, the Commission decided by a vote of 6-0 to take the following actions in MUR 3781:

1. Open a Matter Under Review.
2. Find reason to believe that the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa violated 2 U.S.C. §§ 441b and 441f.
3. Find reason to believe that Dr. J. Leonard Azneer violated 2 U.S.C. §§ 441b and 441f.
4. Approve the Factual and Legal Analyses that were attached to the General Counsel's Report dated May 17, 1993.

(continued)

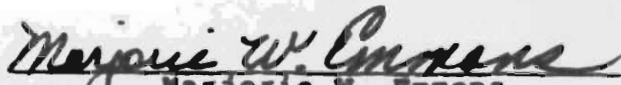
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5. Approve the appropriate letters, as recommended in the General Counsel's Memorandum dated January 13, 1994.

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

Attest:

1-26-94
Date


Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat: Thurs., Jan. 13, 1994 11:29 a.m.
Circulated to the Commission: Thurs., Jan. 13, 1994 4:00 p.m.
Deadline for vote: Wed., Jan. 19, 1994 4:00 p.m.
Insufficient votes at deadline.

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Robert D. Sharp
John M. Bouslog
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Of Counsel
Sue Luettjohann Seitz
Gerard D. Neugent
Lawrence E. Pope

February 28, 1994

BY FEDERAL EXPRESS

Ms. Tonda M. Phalen
Staff Attorney
Federal Election Commission
999 East Street N.W.
Washington, D.C. 20463

Re: University of Osteopathic Medicine and Health Sciences
MUR 3781

Dear Ms. Phalen:

Enclosed please find additional materials that we are submitting for the Federal Election Commission's consideration with respect to the pending matter involving our client, the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa. The enclosed Affidavit and its attachments from University Board Chair Dr. Richard M. Kotz provide you with additional information concerning the course of events that occurred in 1989 when allegations concerning the existence of the practice of reimbursing former President Dr. J. Leonard Azneer for political contributions were made and also provides you with information regarding actions that have been taken by the University since we first brought this matter to the attention of the Federal Election Commission in December of 1992.

The information concerning the 1989 events will provide the Commission with a greater understanding of how it came to pass that this improper practice continued until Dr. Azneer was placed on administrative leave in 1992. Because allegations of the existence of the practice were set forth in communications that were provided to both the University's then outside legal counsel (which was a firm other than the Belin Harris Lamson McCormick law firm) and to the University's independent certified public accounting firm, board members had reason to believe that the matter was fully investigated and resolved in 1989. In fact, however, a thorough investigation was not performed and Dr. Azneer continued the practice until September of 1992 when he was placed on administrative leave.

As you will note, we have attached copies of certain documents to Dr. Kotz's affidavit, including copies of documents reflecting communications that were made between the University's outside legal counsel and representatives of the University. In doing so, the University is not waiving its right to assert the attorney/client privilege with respect to any other communication between the University's attorneys and representatives of the University. The University is providing copies of these documents along with Dr. Kotz's affidavit solely in order that the Commission may be fully

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Ms. Tonda M. Phalen
February 28, 1994
Page 2

apprised of the facts surrounding the 1989 events. We also note that we believe copies of these documents were already provided to the Federal Election Commission by Dr. Azneer.

The affidavit of Dr. Kotz also addresses another concern that you have expressed: that being the need for additional information concerning the totality of the political contribution reimbursement matter as it relates to federal campaign matters. As noted in Dr. Kotz's affidavit, we have not documented any instance where an indirect contribution was made by Dr. Azneer through another person that involved a federal election. Dr. Azneer made indirect contributions through other persons for state and local Democratic party candidates, apparently because Dr. Azneer did not want to be seen as supporting both Republican and Democratic state and local candidates. However, with respect to federal campaigns, Dr. Azneer did personally donate money to both Republicans and Democrats.

As we indicated in our initial contacts with the Commission when we voluntarily disclosed the existence of this past practice, the University desires to put this matter behind them as soon as possible. As is shown in the section of Dr. Kotz's affidavit concerning steps that have been taken by the University since the existence of this practice was disclosed, the University has taken many positive steps in the past year.

As we have consistently stated in our conversations and communications with the Commission, the University desires to enter into conciliation discussions with the Commission as soon as possible in order to determine what other corrective measures are required to bring this matter to a conclusion. Therefore, we at this time reassert our request that we enter into conciliation discussions with the Federal Election Commission. David Belin and I are willing to come to Washington, D.C. to discuss this matter with you personally.

We look forward to the Commission's review of the additional materials we are submitting at this time and to working with the Commission to bring this matter to a conclusion in order that the University may devote its full attention and energy on future plans for the institution.

Sincerely,



Quentin R. Boyken
For the Firm

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AFFIDAVIT OF DR. RICHARD M. KOTZ

General Background Information

I, Richard M. Kotz, D.O., have been a member of the Board of Directors, Board of Trustees and Executive Committee of the University of Osteopathic Medicine and Health Sciences ("University") of Des Moines, Iowa at all times from 1983 through the current date. I have served as the Chairperson of the University from September of 1990 through the current date. In such capacities, I have knowledge of the facts set forth in this Affidavit, all of which I believe to be true and correct based on my own personal knowledge and/or on my best information and belief based on information provided to me in my capacity as Chair of the University Board of Trustees.

Amount of Federal Campaign Contributions Reimbursed by the University

As was reported in the University's January 14, 1993 submission to the Iowa Campaign Finance Disclosure Commission (a copy of which was also submitted to the Federal Election Commission by the University's attorneys), the University has documented that the practice by which Dr. Azneer was reimbursed for political contributions commenced at least as early as 1983. Based on Dr. Azneer's University payroll records, Dr. Azneer received total reimbursements during the calendar years of 1983 through 1992 of \$121,149.48. Because the reimbursements included a "gross up calculation" in order to reimburse Dr. Azneer on a "tax-enhanced basis" (for instance, Dr. Azneer received a \$1,446.40 reimbursement for a \$1,000 contribution made in 1990), the total amount of actual contributions to political candidates during this time period would be approximately \$83,750. This estimate is based on the assumption that the gross-up calculation was constant during all of the years; in fact, there was probably a greater "gross up enhancement" made in 1986 and prior years when income tax rates were higher.

Attached to this Affidavit as Exhibit A is a schedule obtained from the Federal Election Commission of all campaign contributions made by Dr. Azneer related to federal

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campaigns during the years 1983 through 1992. The total amount of all of the federal campaign contributions made by Dr. Azneer during these years as shown on the Federal Election Report is \$18,990.

The University has not documented any instance where Dr. Azneer made a contribution to a federal election candidate through another person.

Dr. Azneer's personal federal election contributions of \$18,990 during the years 1983 through 1992 is approximately 22 percent of the estimated total reimbursed contributions for these years of \$83,750. This percentage of federal campaign activity related to state campaign activity for the entire time period is consistent with the records for contribution reimbursements made to Dr. Azneer for the time period from July of 1989 through September of 1992, a time period for which Dr. Azneer had detailed records kept of contributions which were made and reimbursements paid to Dr. Azneer pursuant to this practice. Attached to this Affidavit as Exhibit B is a copy of the handwritten schedule that was maintained from July of 1989 to September of 1992. A review of this schedule reveals that of the total \$34,960 of contributions made during this time period, \$6,990 (or approximately 20 percent) related to federal elections.

As can be seen from the list of Dr. Azneer's federal election campaign contributions for the years 1983 through 1992 (Exhibit A attached), Dr. Azneer did personally make campaign contributions to both Republican and Democratic federal election candidates. For instance, Dr. Azneer made direct contributions to both of Iowa's United States Senators during this time period: Republican Charles Grassley and Democrat Tom Harkin.

As previously stated, the University has not documented any instance of a contribution made to a federal candidate through another person who was later reimbursed by Dr. Azneer who in turn was reimbursed by the University. All documented instances of such activity have related solely to state and local campaigns. The "contribution through another" practice was believed to be confined to state and local

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campaigns because Dr. Azneer did not want to be seen as contributing to both Republican and Democratic state and local candidates. A prime example of this practice is reflected on Appendix 4 to the University's January 14, 1993 submission to the Iowa Campaign Finance Disclosure Commission which reflected that Dr. Azneer personally donated \$10,000 to Iowa Governor Branstad's 1990 gubernatorial campaign, while donating \$1,000 through others to the Democratic primary campaign of then Attorney General Tom Miller and later contributing \$10,000 through others to the Democratic gubernatorial candidate Don Avenson. The University believes that a similar procedure applied to the 1986 Iowa gubernatorial campaign; it is believed that Dr. Azneer personally donated a large sum to Governor Branstad's 1986 re-election campaign while donating an identical sum through others to the 1986 Democratic gubernatorial candidate Lowell Junkins.

1989 Events

In previous submissions to the Commission, the University has noted that certain allegations were raised in 1989 concerning the political contribution reimbursement procedure. The University has learned additional facts concerning the course of events in 1989 and desires to take this opportunity to provide the Commission with updated information regarding the chronology of events that occurred in 1989.

Following the termination of employment of the University's former Vice President for Financial Affairs John Foust in early 1989, Mr. Foust sent a letter dated February 28, 1989 to some, but not all, of the University's trustees.

This letter was received by the trustees as they gathered for the March 10-11, 1989 board meeting. The bulk of this 16-page letter focused on perceived financial condition shortcomings of the University and. This letter, however, included other specific allegations of improprieties, including the following:

7. Leonard, with the approval of the Finance Committee, has over the past several years made significant political contributions to politicians and political organizations and was reimbursed by the University for the contribution and the personal income taxes associated with it. The

University should determine if this practice is to be continued, if it is, perhaps the University should make its own contributions otherwise the actions may be interpreted as illegal, since there could be a sustainable charge of wasting corporate assets the way it is being handled.

This John Foust letter was discussed at the March 9, 1989 Finance Committee meeting and at the March 10-11, 1989 meeting of the Board of Trustees, where the Board Chair directed the new Controller, Randall Prati, to investigate and look into "the matters which are now before this Board, which have been alleged, and report back in writing to the Finance Committee, and the Finance Committee will then do whatever is necessary to report back to the Board membership."

Randall Prati succeeded John Foust as the University's Controller on February 1, 1989. Mr. Prati proceeded to review the John Foust allegations and presented his preliminary report concerning the allegations to the University's Finance Committee at an April 12, 1989 meeting. Mr. Prati's preliminary report stated the following with respect to the political contribution reimbursement issue:

7. The method in which political contributions were made was designed by Mr. Foust.

On June 1, 1989 an Audit Committee meeting was held. According to notes of the meeting maintained by Ernst and Young, the attendees were Board Chair Patricia Yungclas, Audit Committee Chair Irving Shepard, Roy Swarzman, Harold McKinney, Glenn Peterson, Controller Randall Prati and Jerry Woods of Ernst and Young. Jerry Woods was Ernst & Young's Senior Audit Manager for the University audit engagement. The main topic of discussion was the Prati response letter to the "farewell" letter.

The minutes of the June 2, 1989 Board of Directors meeting do not reflect any substantial discussion of the John Foust allegations. However, the minutes do reflect that Audit Committee Chair Irving Shepard made the following comments as part of his report on behalf of the Audit Committee:

The auditor's have assured the Audit Committee that additional factors which have not come up in previous audits, will be studied at the next audit. ... John Foust's comments that "the University has a big financial problem"

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does not appear to be true unless substantial sums, not contemplated at the present time, are used in support of SureCare.

Shortly after the June 2, 1989 board meeting, John Foust delivered three more letters to members of the University's Executive Committee. A letter dated June 8, 1989 was addressed to the Iowa Osteopathic Educational Foundation. A letter dated June 9, 1989 was addressed to the University of Osteopathic Medicine. A second letter dated June 9, 1989 was addressed to the University Museum. The letter addressed to the University specifically referenced the fact that Dr. Azneer had been reimbursed for political contributions, plus the federal and state taxes associated with those contributions.

The three June John Foust letters were discussed in a Thursday, July 20, 1989 Executive Committee meeting which was attended by both in-house legal counsel Richard Needham and outside legal counsel Ed McIntosh of the Davis, Hockenber, Wine, Brown, Koehn & Shors law firm. The minutes of that meeting state that:

Three letters received from John Foust were discussed item by item, with consultation from attorneys Ed McIntosh and Richard Needham. Both attorneys agreed that neither the president or members of the board of the University, Foundation or Museum have acted to conspire or subvert the law, and that the threats in the letters have no basis or validity.

Exhibit C attached to this Affidavit shows the manner in which the minutes of the July 20, 1989 Executive Committee meeting were prepared. The initial handwritten draft of the minutes (Exhibit C, page 1) were dictated by Dr. Azneer following the meeting and written by Patricia Yungclas. After the initial rough draft was typed by a secretary in the president's office, Dr. Azneer made certain revisions and additions to the minutes. His revisions and additions are shown in his handwriting on page 2 of Exhibit C. One of the additions made by Dr. Azneer was to insert the phrase "and that the threats in the letters have no basis or validity."

Page 3 of Exhibit C is a copy of the July 21, 1989 transmittal letter from Dr. Azneer to Patricia Yungclas in which Dr. Azneer enclosed the revised, typed minutes for Patricia Yungclas's signature. Page 4 of Exhibit C is a copy of the minutes after they were signed by Patricia Yungclas.

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Both in-house counsel and the outside legal counsel present at the July 20, 1989 Executive Committee meeting have stated that the minutes of the July 20, 1989 meeting overstated the level of assurance given to the members of the Executive Committee concerning the John Foust allegations. Ed McIntosh recalls that, when he became aware of the content of the July 20, 1989 Executive Committee minutes, he prepared correspondence addressed to Dr. Azneer dated August 15, 1989 "to confirm my tentative conclusions with respect to the allegations of John Foust contained in a letter dated June 8, 1989" (June 8 was the date of the letter regarding the Foundation). A copy of this correspondence is attached to this Affidavit as Exhibit D. In this August 15, 1989 letter, Ed McIntosh reiterated cautions that he gave to the Executive Committee meeting that he did not have time to conduct any investigation or research concerning the issues and that his statements that he believed that criminal misconduct had not occurred at the University or Foundation were based solely on the facts provided to the Executive Committee by Dr. Azneer. Further, in this letter, Ed McIntosh states that in addition to the allegations contained in the June 8 Foundation letter, the attendees of the meeting also discussed questions concerning campaign contributions. In this respect, Ed McIntosh understood that Dr. Azneer would be seeking further guidance from Donald Wine, a senior partner in the Davis, Hockenberg law firm who is also a University Trustee. Further, Ed McIntosh stated that he had advised Dr. Azneer that further research should be done with respect to the issue of campaign finance and that it was Ed McIntosh's understanding that Dr. Azneer had requested further advice concerning these issues.

Donald Wine recalls that he had at least one conversation with Dr. Azneer concerning the political contribution issue and that he had conversations about the issue with in-house legal counsel Richard Needham. During these conversations, Donald Wine states that he stressed that there were Internal Revenue Code problems involved with the political contribution reimbursement procedures and urged that the practice be stopped. As evidence of these conversations, attached as Exhibit E to this Affidavit is a copy of a

handwritten note which reflects a telephone conversation between Don Wine and University in-house Legal Counsel Richard Needham. The memorandum indicates that the provisions of Section 501(c)(3) of the Internal Revenue Code were discussed and continues with the notation "put money back (not criminal -- but)". However, neither Dr. Azneer nor any other University employee was ever advised regarding the existence and applicability of the federal and state campaign finance statutes.

Following the July 20, 1989 Executive Committee meeting and the communications that took place between members of the Davis, Hockenberg law firm, Dr. Azneer and Mr. Needham, University Trustees understood that Dr. Azneer would act to resolve any problem associated with the past practice of reimbursing Dr. Azneer for political contributions.

It was during this same time period (July and August off 1989) that Ernst & Young was performing its audit of the University's financial statements for the fiscal year ending June 30, 1989. The University's Controller recalls providing copies of both John Foust's February 28, 1989 correspondence and the three letters written by John Foust in June of 1989 to Ernst & Young auditors during the course of their performance of the audit. Ernst & Young has acknowledged receiving a copy of the February 28, 1989 letter, but has not acknowledged receiving copies of the three June of 1989 John Foust letters during the time when it was performing the audit of the University's June 30, 1989 financial statements.

It is the position of Ernst & Young that, while it did review certain issues raised in the February 1989 correspondence as part of its audit of the University's June 30, 1989 financial statements, Ernst & Young was not specifically retained in 1989 to investigate the allegations that had been raised regarding political contribution reimbursements.

The audited financial statements for the fiscal year ending June 30, 1989 were reviewed by the University's Board at its September 9, 1989 meeting. At this meeting, the University's audit committee reported that Ernst & Young did a more thorough job of auditing because of the change of controllers from John Foust to Randall Prati and that

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Ernst & Young gave the University a complete bill of health in all financial matters pertaining to the financial status of the University. It was felt that the audited financial statements depicted a healthy financial condition, much in contrast to the "gloom and doom" that John Foust had painted with respect to the financial condition of the University as set forth in his February 28, 1989 letter delivered to the Board at their March meeting in Florida.

Audit partner Stephen Hoffman of Ernst & Young was present at the meeting and made the following comments to the Board:

Thank you Doctor, I really don't have too many comments. This has been a good year. Usually when the auditors have a lot to say to you, something's wrong. I just want to leave you with the fact that we're very satisfied. We did look at all the questions that had been raised. Some of the issues that John Foust had raised. We did complete the audit to our satisfaction. Anything that came up during the audit, any questions, any matters were resolved to our complete satisfaction, and our opinion is certainly given without any reservations or qualifications on these financial statements.

Based on all of the foregoing, University Trustees understood in late 1989 that the allegation that had been raised concerning political contribution reimbursements had been reviewed and that, to the extent that there may have been a previous problem, any problem concerning the matter had been resolved by Dr. Azneer. The audit report received in September of 1989 served to verify in the minds of the University Trustees that the matter had been satisfactorily resolved.

1993 and 1994 University Activities

The University also wants to take this opportunity to advise the Commission of developments that have occurred since the University voluntarily disclosed this matter to the Commission in December of 1992. Since passing a resolution condemning the existence of this past practice on December 5, 1992, and since the University's representatives first reported the existence of the improper past practice of reimbursing Dr. Azneer for political contributions in December of 1992, the University has provided information requested by federal and state authorities concerning the past practice and has

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consulted with federal and state authorities concerning remedial actions to be taken by the University to correct the past practice.

At all times since September of 1992 through June 30, 1993, the last date of Dr. Azneer's term of employment pursuant to his written employment agreement with the University, the University placed and maintained Dr. Azneer on administrative leave and did not allow Dr. Azneer to participate further in the administration of the University. The University's past practice of making indirect political expenditures by reimbursing Dr. Azneer for political contributions he made ceased with the placement of Dr. Azneer on administrative leave (the last contribution made by Dr. Azneer for which he was reimbursed was made on September 14, 1992, with the reimbursement being paid to Dr. Azneer on September 30, 1992). Dr. Azneer's written employment agreement with the Iowa Osteopathic Educational Foundation ("Foundation"), the source of the majority of the compensation that was paid to him by the University and its related Foundation, was terminated by the Foundation Board of Directors as of February 28, 1993. Dr. Azneer's University written employment agreement was not terminated by the University Board prior to June 30, 1993 in order to remove from the list of outstanding issues between Dr. Azneer and the University the issue as to whether or not a \$250,000 liquidated damage provision in Dr. Azneer's University employment agreement would be of any force and effect.

The University began an intensive search for a new president in February of 1993 and announced the hiring of its new president Dr. David G. Marker on December 7, 1993. Dr. Marker has a distinguished 30-year academic career and most recently was President of Cornell College, an outstanding liberal arts college located in Mount Vernon, Iowa.

On Monday, August 30, 1993, a criminal complaint was filed against Dr. Azneer by the Polk County, Iowa County Attorney alleging that Dr. Azneer's activities related to his receipt of reimbursements for political contributions he had made constituted a criminal violation of Iowa's campaign finance statutes. Prosecution of the criminal charges brought

against Dr. Azneer is still pending as of the date of this Agreement. No criminal charges have been filed against the University or against any other person related to the University.

University representatives have formally requested that Dr. Azneer reimburse the University for political contribution reimbursements received by Dr. Azneer. While Dr. Azneer's legal representatives have stated that Dr. Azneer will be willing to make corrective reimbursement payments to the University if required to do so by any federal or state authority reviewing this matter, Dr. Azneer has not yet made any corrective reimbursement payment to the University.

Following the University's voluntary disclosure of this matter to the Internal Revenue Service, the IRS commenced an examination of the University's annual Form 990 information returns for the fiscal years ending June 30, 1990-92. On the date that the IRS began this field examination, the University: (1) voluntarily filed Form 4720 excise tax returns for the fiscal years ending June 30, 1989-93 and voluntarily paid \$5,355.66 in payment of first tier excise taxes imposed by §4955 of the Code related to the indirect political expenditures made during those fiscal years; and (2) voluntarily filed Form 1120-POL returns for the fiscal years ending June 30, 1989-93 and voluntarily paid \$18,039 of taxes imposed on political organizations and reportable on Form 1120-POL related to the indirect political expenditures made by the University during those fiscal years.

As part of the annual election of the University's trustees, directors and officers and annual reorganization of its committees, changes were made in June of 1993 which have caused a majority of both the University's Executive Committee and the University's Finance Committee to be comprised of board members who were not previously members of those committees. The Executive Committee meets on a monthly basis and transacts all the business of the University's Board between the quarterly meetings of the University's Board. The Finance Committee consults with the University's president so as to insure the prudent management of the finances of the University and its clinical facilities.

94043561233

Conclusion and Request for Conciliation

New University President Dr. David G. Marker will begin working full-time as University President in March of 1994. The University formally requests that the Federal Election Commission enter into conciliation discussions with University representatives in order that a prompt resolution of the University's past practice of making political contribution reimbursement payments to former President Dr. Azneer, which practice was voluntarily disclosed by the University to the Federal Election Commission, may be promptly resolved. The University is anxious to focus its full energy on future plans for the institution under the new administration of Dr. Marker.

Date: 2/28/94

Dr. Richard M. Kotz
Dr. Richard M. Kotz

STATE OF IOWA)
) ss:
COUNTY OF POLK)

On this 28th day of February, 1994, before me, a Notary Public, personally appeared Dr. Richard M. Kotz, to me known to be the person named in and who executed the foregoing instrument, and acknowledged that Dr. Richard M. Kotz executed the same as his voluntary act and deed.

Jan Johnson
Notary Public in the State of Iowa

d:\00084\affidavi.doc

94043561234

FEDERAL ELECTION COMMISSION

DATE 07DEC92

SELECTED LIST OF RECEIPTS & EXPENDITURES (B3 B4)
 USER SELECTED ITEMIZED TRANSACTIONS

PAGE 3

CONTRIBUTOR/LENDER/TRANSFERER REPORTING ENTITY MICROFILM LOCATION	STREET ADDRESS TRANSACTION TYPE	CITY	STATE ZIP REPORT TYPE	TYPE OF FILER ELECTION DATE	AMOUNT
AZNEER, J LEONARD DR REAGAN-BUSH '84 84FEC/220/1187 #120101 CONTRIBUTION		DES MOINES	IA 50321 MARCH MONTHLY	PRIMARY 11FEB84	500
AZNEER, J LEONARD DR NATIONAL REPUBLICAN SENATORIAL COMMITTEE - CONTRIBUTIONS * 84SEN/007/0662 #178476 CONTRIBUTION		DES MOINES	IA 50321 APRIL QUARTERLY	PRIMARY 9MAR84	1,000
AZNEER, J LEONARD DR FRIENDS OF NEAL SMITH COMMITTEE 84HGE/261/0040 #353935 CONTRIBUTION		DES MOINES	IA 50312 PRE-PRIMARY UNIV OF OSTEOPATHIC MEDICINE	PRIMARY 30APR84	500
AZNEER, J LEONARD DR GRASSLEY COMMITTEE, INC. 85SEN/003/2479 #456489 CONTRIBUTION		DES MOINES	IA 50321 YEAR-END UNIV OF OSTEOPATHIC MED	PRIMARY 20AUG84	1,000
AZNEER, J LEONARD DR GRASSLEY COMMITTEE, INC. 85SEN/003/3829 #456724 CONTRIBUTION		DES MOINES	IA 50321 YEAR-END UNIV OF OSTEOPATHIC MED	PRIMARY 20AUG84	1,000 AMENDMENT
AZNEER, LEONARD DIEPSEN '84 COMMITTEE 84SEN/006/3036 #120812 CONTRIBUTION		DES MOINES	IA 50312 YEAR-END UNIV OF OSTEOPATHIC MEDICINE & HEAL	PRIMARY 19JUL83	750 AMENDMENT
AZNEER, LEONARD J DR GRASSLEY COMMITTEE, INC. 84SEN/004/2326 #192111 CONTRIBUTION		DES MOINES	IA 50321 YEAR-END UNIVERSITY OF OSTEOPATHIC MEDICINE	FOR 1986 31OCT83	500

FEDERAL ELECTION COMMISSION

DATE 07DEC92

SELECTED LIST OF RECEIPTS & EXPENDITURES (85-86)
 USER SELECTED ITEMIZED TRANSACTIONS

PAGE 1

CONTRIBUTOR/LENDER/TRANSFERER REPORTING ENTITY MICROFILM LOCATION	STREET ADDRESS TRANSACTION TYPE	CITY	STATE ZIP REPORT TYPE	TYPE OF FILER ELECTION DATE	AMOUNT
AZNEER, J L DR FRIENDS OF NEAL SMITH COMMITTEE B6HCE/316/0042 #485649 CONTRIBUTION		DES MOINES	IA 50321 OCTOBER QUARTERLY	GENERAL 12SEP86	500
AZNEER, J L DR FRIENDS OF NEAL SMITH COMMITTEE B6HSE/324/0772 #485655 CONTRIBUTION		DES MOINES	IA 50321 POST-GENERAL	GENERAL 24OCT86	500
AZNEER, J LEONARD DR NATIONAL REPUBLICAN SENATORIAL COMMITTEE - CONTRIBUTIONS * B6SEN/006/1072 #040429 CONTRIBUTION		DES MOINES	IA 50321 MID-YEAR REPORT	PRIMARY 4FEB05	1,000
AZNEER, J LEONARD DR GRASSLEY COMMITTEE, INC B6SEN/008/2815 #080971 CONTRIBUTION		DES MOINES	IA 50321 MID-YEAR REPORT	PRIMARY 22MAR85	1,000
AZNEER, J LEONARD DR GRASSLEY COMMITTEE, INC B6SEN/049/0843 #361733 CONTRIBUTION		DES MOINES	IA 50321 POST-GENERAL	GENERAL 30OCT86	500
AZNEER, J LEONARD DR NATIONAL REPUBLICAN SENATORIAL COMMITTEE - CONTRIBUTIONS * B6SEN/014/0106 #525785 CONTRIBUTION		DES MOINES	IA 50321 JULY QUARTERLY	PRIMARY 14APR86	1,000

240436

USER SELECTED ITEMIZED TRANSACTIONS

COMMITTEE-NAME	CONTRIBUTOR-NAME	PLACE OF BUSINESS	DATE	AMOUNT
TRANSACTION	CITY	STATE	ZIP	ELECTION

DOLE FOR PRESIDENT COMMITTEE INC				
AZNEER, J LEONARD DR			22SEP87	1,500
CONTRIBUTION	DES MOINES	IA	50321	PRIMARY
DOLE FOR PRESIDENT COMMITTEE INC COMPLIANCE FUND				
AZNEER, J LEONARD DR			31DEC87	500
CONTRIBUTION	DES MOINES	IA	50321	GENERAL
NATIONAL REPUBLICAN SENATORIAL COMMITTEE - CONTRIBUTIONS *				
AZNEER, J LEONARD DR	PRESIDENT		6APR88	1,000
CONTRIBUTION	DES MOINES	IA	50321	PRIMARY
FRIENDS OF NEAL SMITH COMMITTEE				
AZNEER, J LEONARD DR	UNIV OF OSTEOPATHIC		14OCT88	500
CONTRIBUTION	DES MOINES	IA	50321	GENERAL
FRIENDS OF NEAL SMITH COMMITTEE				
AZNEER, J LEONARD DR	UNIVER/OSTEAPATHIC M		23MAR88	1,000
CONTRIBUTION	DES MOINES	IA	50321	PRIMARY

FEDERAL ELECTION COMMISSION

DATE 07DEC92

SELECTED LIST OF RECEIPTS & EXPENDITURES (87-88)

PAGE 2

USER SELECTED ITEMIZED TRANSACTIONS

COMMITTEE-NAME

CONTRIBUTOR-NAME

PLACE OF BUSINESS

DATE

AMOUNT

TRANSACTION

CITY

STATE

ZIP

ELECTION

TYPES OF TRANSACTIONS

OF TRANSACTIONS - EACH TYPE

TOTAL \$ - EACH TYPE

CONTRIBUTION

5

4,500

ENTER 'X' TO EXIT THIS PROGRAM: X

24043561238

FEDERAL ELECTION COMMISSION

1988 - 1992

DISCLOSURE INFORMATION SYSTEM

FOR INDEX DESCRIPTIONS ENTER: '1'
 FOR INFORMATION ON CANDIDATES ENTER: '2'
 FOR INFORMATION ON PAC'S/PARTIES ENTER: '3'
 FOR A PARTICULAR REPORT ENTER THE CODE
 TO CREATE ID NUMBER FILES ENTER: '4'
 RECENT RELEASES ENTER: '5'
 ORIGINAL 132 COLUMN FORMATS ENTER: '6'
 ACKNOWLEDGEMENTS AND REFERENCE INFORMATION ENTER: USER SEL:

COMMITTEE-NAME	CONTRIBUTOR-NAME	PLACE OF BUSINESS	DATE	AMOUNT
	TRANSACTION	CITY	STATE ZIP	ELECTION
GRASSLEY '92 COMMITTEE INCORPORATED				
AZNEER, J LEONARD	CONTRIBUTION	UNIV OF OSTEOPATHIC DES MOINES	30OCT89 IA 50321	500 PRIMARY
CITIZENS FOR HARKIN				
AZNEER, J LEONARD	CONTRIBUTION	UNIV OF OSTEOPATHIC DES MOINES	28SEP90 IA 50321	1,000 GENERAL
FRIENDS OF NEAL SMITH COMMITTEE				
AZNEER, J LEONARD DR	CONTRIBUTION	UNIV OF OSTEOPATHIC DES MOINES	25FEB90 IA 50321	500 PRIMARY
NATIONAL REPUBLICAN SENATORIAL COMMITTEE - CONTRIBUTIONS *				
AZNEER, J LEONARD DR	CONTRIBUTION	UNIV PRESIDENT DES MOINES	15DEC89 IA 50321	240 PRIMARY
CITIZENS FOR HARKIN				

AZNEER, LEONARD

UNIV OF OSTEOPATHIC

9MAR90

1,000

CONTRIBUTION

DES MOINES

IA 50321

PRIMARY

GRASSLEY '92 COMMITTEE INCORPORATED

AZNEER, LEONARD

UNIV OF OSTEOPATHIC

6NOV90

500

CONTRIBUTION

DES MOINES

IA 50321

PRIMARY

24043561210

SELECTED LIST OF RECEIPTS & EXPENDITURES (89-90) PAGE
 USER SELECTED ITEMIZED TRANSACTIONS

COMMITTEE-NAME	CONTRIBUTOR-NAME	PLACE OF BUSINESS	DATE	AMOUNT
TRANSACTION	CITY	STATE	ZIP	ELECTION

TYPES OF TRANSACTIONS	# OF TRANSACTIONS - EACH TYPE	TOTAL \$ - EACH TYPE
CONTRIBUTION	6	3,740

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ENTER 'X' TO EXIT THIS PROGRAM: XZED TRANSACTIONS

COMMITTEE-NAME	CONTRIBUTOR-NAME	PLACE OF BUSINESS	DATE	AMOUNT
TRANSACTION	CITY	STATE	ZIP	ELECTION

DOLE FOR PRESIDENT COMMITTEE INC COMPLIANCE FUND				
AZNEER, J LEONARD			16JAN91	500-
CONTRIBUTION REF TO INDIVIDUAL	DES MOINES	IA	50321	GENERAL

AZNEER, J LEONARD

COLLEGE OF OSTEOPATH 31JUL91

500

CONTRIBUTION

DES MOINES

IA 50321 PRIMARY

DOLE FOR SENATE '92

AZNEER, J LEONARD DR

COLL OF OSTEOPATHIC

30SEP92

1,000

CONTRIBUTION

DES MOINES

IA 50321 GENERAL

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USER SELECTED ITEMIZED TRANSACTIONS

COMMITTEE-NAME	CONTRIBUTOR-NAME	PLACE OF BUSINESS	DATE	AMOUNT
TRANSACTION	CITY	STATE	ZIP	ELECTION

TYPES OF TRANSACTIONS	# OF TRANSACTIONS - EACH TYPE	TOTAL \$ - EACH TYPE
CONTRIBUTION	2	1,500
CONTRIBUTION REF TO INDIVIDUAL	1	500-

ENTER 'X' TO EXIT THIS PROGRAM: X

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$Amt \times 28\%$ $Amt + 28\% Amt = Total \times 13\%$ $Total + 13\% Amt = Rate$

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	Amt	Rate Amt	Date Paid	
7/26 Bonnie Campbell	100 ⁰⁰	144 ⁶⁴	8-31-89	
8/11 Republic Party of IA	100 ⁰⁰	144 ⁶⁴	8-31-89	289 ²⁸
9/27 Governor's Birthday Party	500 ⁰⁰	723 ²⁰		
10/2 Grassley	500 ⁰⁰	723 ²⁰	10/8/91	1446 ⁴⁰
11/27 Shearzan	300 ⁰⁰	433 ⁰⁰	1/2/89	
12/1 Tauke, Tom	250 ⁰⁰	361 ⁶⁰	12/85	
12/1 Presidential Task Force	240 ⁰⁰	347 ¹⁴	12/89	1142 ⁶⁰
1/3 Jack Hatch	250 ⁰⁰	361 ⁶⁰		
1/11 Muller for Governor	1000 ⁰⁰	1446 ⁴⁰	1/90	1808 ⁰⁰
2/7 IA Democratic Party	250 ⁰⁰	361 ⁶⁰		
2/7 Averson for Governor	150 ⁰⁰	216 ⁹⁶		
2/22 Neil Smith	500 ⁰⁰	723 ²⁰		
2/22 Harlin	1000 ⁰⁰	1446 ⁴⁰		
2/22 Nat'l Conf of Christians & Jews	115 ⁰⁰	166 ³⁴	2/90	2914 ⁵⁰
3/26 Nat'l Conf of Christians & Jews	115 ⁰⁰	166 ³⁴		
4/3 Marvin Pomerantz (Past)	200 ⁰⁰	289 ²⁸		
4/19 Amel Diabetes (Kiss & Paj Gerry Schwan)	100 ⁰⁰	144 ⁶⁴	7/90	600 ⁰⁰
4/30 Jack Hatch	500 ⁰⁰	723 ²⁰	5/90	723 ²⁰
5/30 ^{Yarn} Program for Senate	200 ⁰⁰	289 ²⁸		289 ²⁸
9/19 Welsch Governor Bradstra	200 ⁰⁰ 10000 ⁰⁰	289 ²⁸ 14464 ⁰⁰		14753 ²⁸

Prepared By	Initials	Date
Approved By		

WILSON JONES COMPANY 6784

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Date	Name	Amount	Balance	Payment	Balance
9/26	Harkin	1000 ⁰⁰	1446 ⁴⁰		
	Ed Kelly	100 ⁰⁰	1446 ⁴⁰		
10/9	Tim Urban	100 ⁰⁰	1446 ⁴⁰		
	Ghassley	500 ⁰⁰	723 ²⁰		
	Campbell	200 ⁰⁰	289 ²⁸	Pd 10-31-90	2748 ¹⁶
10/18	Anderson	10000 ⁰⁰	1446 ⁴⁰	Pd 10-18-90	1446 ⁴⁰
6/3	Senator John	90 ⁰⁰	130 ¹⁸	Pd 6-30-91	130 ¹⁸
7/16	Ghassley	500 ⁰⁰	723 ²⁰		
	Cook	100 ⁰⁰	1446 ⁴⁰	Pd 7-21-91	867 ⁸⁴
8/13	Smith	1000 ⁰⁰	1446 ⁴⁰		
8/13	Bradstra	1000 ⁰⁰	1446 ⁴⁰	Pd 8-31-91	2892 ²⁰
9/25	Bradstra (Birthday function)	500 ⁰⁰	723 ²⁰		
10/14	Bonnie Campbell	250 ⁰⁰	361 ⁴⁰		
10/14	Hutchins	100 ⁰⁰	1446 ⁴⁰		
10/14	Welsch	100 ⁰⁰	1446 ⁴⁰		
10/21	Pat -	100 ⁰⁰	1446 ⁴⁰	Pd 10-21-91	1518 ⁷²
12/23	Smith	500 ⁰⁰	723 ²⁰		
	Haton	100 ⁰⁰	144 ⁶⁴	Pd 12-31-91	867 ⁸⁴
1992	2/14 Maddox for Senate (Comm)	50 ⁰⁰	723 ²⁰	Pd 2-28-92	72 ²⁰
3/31	groom	200 ⁰⁰	289 ²⁸	Pd 4-30-92	289 ²⁸
4/11	Hatch	700⁰⁰ 500 ⁰⁰	818⁷² 723 ²⁰	Pd 5-31-92 818 ⁷²	723 ²⁰
6/1	Elaine Baxter	100 ⁰⁰	1446 ⁴⁰	Pd 6-30-92	1446 ⁴⁰
7/27	Wally Horn Satz	100 ⁰⁰	1446 ⁴⁰		
8/17	Bob Dale for Senate	1000 ⁰⁰	1446 ⁴⁰	Pd 8/31/92	1591 ⁸⁴
9/14	Elaine Szymeniak	200 ⁰⁰	289 ²⁸	Pd 9/20/92	289 ²⁸

7-20-89 - Min. of Educ Comm

The three letters were discussed item by item and consultation from attorneys Ed Mc Intosh & D. Needham - both attorneys. appeared that neither the pre. or men of Bd of the Univ, Foundation or Museum have acted to conspire or subvert the law

After a full discussion Mr. Hansen was authorized to discuss settlement ^{at the terms} with ^{of the last mtg.} between ^{his attorney & the} Mr. T and report back. U. attorney

In attendance

Hansen
Peterson
Coatney
Katz
Younger

Dr. Ogden Ex of
Council at Law
Ed Mc Intosh
Richard Needham

Rough Draft

240435612

EXECUTIVE COMMITTEE MEETING MINUTES

July 20, 1989

*Mr. Ray Swartzman
City of Milwaukee
of the bill*

In attendance were ^{Mr.} Dean Hannam; Mr. Glenn Petersen; Richard Coatney, D.O.; Richard M. Kotz, D.O.; Mrs. Patricia Yungclas; J. Leonard Azneer, Ph.D., ex officio; Ed McIntosh, Counsel at Law; Richard D. Needham, Counsel at Law.

received from John Foust
The three letters were discussed item by item, with consultation from attorneys Ed McIntosh and Richard Needham. Both attorneys agreed that neither the president nor members of the board of the University Foundation or Museum have acted to conspire or subvert the law ~~and that~~ *no such action in the 3 letters has been a reality*

After a full discussion, Mr. Hannam was authorized to discuss settlement of the terms of the last meeting between Foust, his attorney and the University attorneys. *Hannam to report back to the committee after meeting of Foust*

24043561247

UNIVERSITY OF OSTEOPATHIC MEDICINE AND HEALTH SCIENCES

3440 Grand Avenue / Des Moines, Iowa 50312 / 515-271-1400

July 21, 1989

Office of the President

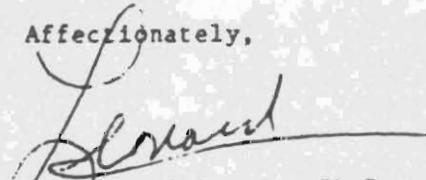
Mrs. Patricia Yungclas
1328 Grand
Webster City, IA 50595

Dear Patty:

Enclosed herewith are the minutes of the special meeting, which you should sign and return.

I appreciate your taking the time to come in when you have so many personal problems to solve. Thank you for your support.

Affectionately,


J. Leonard Azneer, Ph.D.
President

JLA/skn
Enclosure: Minutes

24043561243

EXECUTIVE COMMITTEE MEETING MINUTES

Thursday, July 20, 1989

In attendance were Mrs. Patricia Yungclas; Richard M. Kotz, D.O.; Richard F. Coatney, D.O.; Mr. Dean Hannam; Mr. Glenn Petersen; J. Leonard Azneer, Ph.D., ex officio; Mr. Roy Swartzman (by invitation of the committee); Ed McIntosh, Counsel at Law; Richard D. Needham, Counsel at Law.

Three letters received from John Foust were discussed item by item, with consultation from attorneys Ed McIntosh and Richard Needham. Both attorneys agreed that neither the president nor members of the board of the University Foundation or Museum have acted to conspire or subvert the law, and that the threats in the letters have no basis or validity.

After a full discussion, Mr. Hannam was authorized to discuss settlement of the terms of the last meeting between John Foust, his attorney and the University attorneys. Mr. Hannam is to report back to the committee after meeting with Foust.

Submitted by:

Mrs. Patricia Yungclas

Mrs. Patricia Yungclas
Chairperson
UOMHS Board of Trustees/Directors

DAVIS, HOCKENBERG, WINE, BROWN, KOEHN & SHORS

ATTORNEYS AND COUNSELORS AT LAW

A ARTHUR DAVIS
HARLAN S HOCKENBERG
DONALD A WINE
DONALD J BROWN
A J GREFFENIUS
WILLIAM J ROEHN
JOHN S SHORS
STEPHEN W ROBERTS
WILLIAM S KING
ROBERT F HOLZ, JR
DENNIS S JERDE
C CARLETON FREDERICI
GEORGE W SULLIVAN
MICHAEL S KULIE
RICHARD E RANSAY
F RICHARD THORNTON
THOMAS E SALSBERY
E RALPH WALKER
FRANK J CARROLL
BRUCE I CAMPBELL
JONATHAN C WILSON
PATRICIA A SHOFF
ROBERT C GALBRAITH

EDWIN M MORTON
ROBERT A SIMONS
STEVEN L NELSON
DAVID S VASICAK
WILLIAM W SCHWARTZ
JAMIE A WADE
LORNA A GILBERT
GENE R LISUER
SHANE M STARLE
DEBORAH THORNISH CRAND
DAVID W DUNN
BRIAN L WIST
JEAN A MURIEL
FRANK A CAMP
KENT A HEHRING
ROBERT J DOUGLAS, JR
C S STEINER
DAVID J DARRRELL
NORENE S JACOBS
CHARLES J KALINOSKI
MARGARET M CHAPLINSKY
NICHOLAS N ROBY
KATHERINE E SCHMIDT

WACK D WALL
KELLY D LOVELL
GARY M HIERB
STARLEY J THOMPSON
DAVID A TARR
DAVID M EICHENSON
C T NEWSUM
LOREY TORGERSON CHESSEN
MARIA E M VRIES
DALE E HALLISTER
MARTHA A FAGO
ELIZABETH E GOODMAN
SALLY A SUES
JO ELLEN WHITNEY
JEFFREY M PIERICK
RICHARD S JENNING
DAVID W BOBY
JAN S ROSSBERG
SONITA S JANSHA
STEVEN P WARDRO
CECELIA C IBBSON

KENT A HEHRING
PATENTS
RUDOLPH L LOWELL
PATENTS OF COUNSEL
HARLAN J THOMA
RICHARD F STADENAN
PAUL E BROWN
BARBARA W WACK
WILLIAM D THOMAS
OF COUNSEL
DAVID J HENRY
1948-1983

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666 WALNUT STREET
DES MOINES, IOWA 50309
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FACSIMILE (515) 243-0654
TELEX 62780032
(PRO SECS)
CABLE: DAVIS LAW

2 STRATHEARN PLACE, SUITE 9
HYDE PARK SQUARE
LONDON W2 2NO, ENGLAND
(01-44-1) 262 9022
ANSWERING SERVICE (01-44-1) 486 0321
INT'L FACSIMILE (01-44-1) 706 4785
INT'L TELEX 29-2610PUS G7

August 15, 1989

24043561200

Dr. J. Leonard Azneer
University of Osteopathic
Medicine and Health Sciences
3400 Grand Avenue
Des Moines, IA 50312

RE: John Foust/UOMHS

Dear Dr. Azneer:

This letter is to confirm my tentative conclusions with respect to the allegations of John Foust contained in a letter dated June 8, 1989.

I attended a meeting of the Finance Committee called by you to advise the Finance Committee of the allegations. I advised the Finance Committee, based on the facts provided to the Committee by you, that I did not believe any criminal misconduct had occurred at the University or Foundation. I did not have sufficient time to conduct any investigation or research concerning the issues.

In addition to the allegations contained in the June 8th letter we also discussed questions concerning campaign contributions. It is my understanding that you are seeking further guidance on this issue from Don Wine.

Dr. J. Leonard Azneer
Page Two
August 15, 1989

In summary, it was my conclusion, based on the facts given to me by you, that I did not believe any misconduct had occurred. However I advised you that further research should be done with respect to the issue of campaign finance and the question of Presidential Scholarships. It is my understanding you have requested further advice concerning these issues.

Sincerely,

DAVIS, HOCKENBERG, WINE, BROWN, KOEHN & SHORS

Edwin N. McIntosh
Edwin N. McIntosh

ENM/cjp
cc: Richard Needham

24043561251

Don Wane

(1) #9 re: Found letter
re: free of tuition / awards
= criminal re: donor = deposited
AKA

(2) Political controls -
= 501(c)(3) ?
put money back
(not criminal - but

24040561202

RECEIVED
F.E.C.
SECRETARIAT

BEFORE THE FEDERAL ELECTION COMMISSION

94 APR 15 AM 9:44

In the Matter of)
University of Osteopathic Medicine and)
Health Sciences of Des Moines, Iowa)
Dr. J. Leonard Azneer)

MUR 3781

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On May 25, 1993, the Commission found reason to believe that both the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa ("UOMHS") and Dr. J. Leonard Azneer ("Azneer") violated 2 U.S.C. §§ 441b and 441f. On January 25, 1994, the Commission revoked that determination in light of FEC v. NRA Political Victory Fund, 6 F.3d 821 (D.C. Cir. 1993).

On February 28, 1994, in response to the notification of the Commission's NRA actions in this matter, UOMHS submitted the affidavit of Dr. Richard M. Kotz, Chairperson of the UOMHS Board of Directors. In his affidavit, Dr. Kotz details UOMHS's knowledge of the violations. UOMHS has also renewed its request for preprobable cause conciliation of this matter. Counsel for Azneer expressed interest in preprobable cause conciliation during his February 19, 1993, meeting with staff of this Office.

On March 14, 1994, UOMHS resolved its concurrent matter with the Internal Revenue Service, to which it has paid a \$250,000 penalty in lieu of losing its status as a § 501(c)(3) corporation. In addition, the Iowa Ethics and

24043561203

Campaign Disclosure Board has been investigating Azneer and UOMHS. The Polk County Attorney's Office is pursuing criminal charges against Azneer and is contemplating a criminal action against UOMHS.

II. DISCUSSION

As explained more fully in the First General Counsel's Report submitted May 17, 1993, the violations occurred from at least as early as 1983 through September 1992.¹

Throughout that period of time, Azneer served as President of UOMHS, and in that capacity made numerous political contributions in his own name, arranging for reimbursement with corporate funds. He also personally reimbursed other individuals for political contributions they made in their own names, but at his request, and again arranged for his own reimbursement with corporate funds. Both Respondents concede that these violations occurred. Although Respondents became aware in 1989 that the activities underlying the violations might be improper, those activities were allowed to continue until September 1992, when Azneer was placed on administrative leave pending investigation by counsel for UOMHS.

In its February 28, 1994, submission, UOMHS concedes that it reimbursed Azneer for each and every political contribution made in his name from 1983 through 1992. Consequently, this Office may rely upon data obtained from

1. There is no information to indicate that the reimbursement scheme started prior to 1983.

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the FEC Contributor Index to determine the amount in violation for the relevant actions.

As to Azneer's reimbursement of other individuals who made political contributions at his direction, the amount in violation would not be directly ascertainable from the FEC Contributor Index. Determining that amount through an investigation would necessitate extensive discovery of Azneer, UOMHS and the individuals involved, who may have made other, legitimate and unreimbursed, political contributions. Further, in its recent submission, UOMHS states, through its affiant, that it has documented no instance where it reimbursed Azneer for any indirect contributions made to a federal election candidate. According to UOMHS, all such reimbursements appear to have been made for indirect contributions to state election candidates.

Because of the ongoing state criminal investigations, conducting discovery at this time is not practicable. At the same time, this Office believes that it can account for the overwhelming majority, if not all, of the contributions in question based on FEC indices and information provided by Respondents. Thus, rather than awaiting the resolution of the state criminal proceedings, this Office recommends that affiant's sworn statement be accepted as true, and proceed to conciliation. The amount in violation in this case would, of necessity, exclude any contributions made through individuals other than Azneer. If any such contributions to federal

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campaigns exist, however, they are likely to be both insignificant in amount and difficult to establish.

III. DISCUSSION OF CONCILIATION PROVISIONS AND CIVIL PENALTY

This Office recommends that the Commission enter into preprobable cause conciliation with the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa and Dr. J. Leonard Azneer.

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IV. RECOMMENDATIONS

1. Enter into conciliation with the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa prior to a finding of probable cause to believe.
2. Enter into conciliation with Dr. J. Leonard Azneer prior to a finding of probable cause to believe.
3. Approve the attached proposed conciliation agreements and the appropriate letters.

Lawrence M. Noble
General Counsel

4/14/94
Date

BY: 
Lois G. Lerher
Associate General Counsel

Attachments

1. Submission from UOMHS including request for conciliation and Affidavit.
2. Submission from UOMHS including Closing Agreement between UOMHS and the Commissioner of Internal Revenue
3. Proposed Conciliation Agreement with UOMHS
4. Proposed Conciliation Agreement with J. Leonard Azneer

Staff assigned: Caryn L. Zimmerman

24043561237



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20461

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/BONNIE J. ROSS
COMMISSION SECRETARY

DATE: APRIL 19, 1994

SUBJECT: MUR 3781 - GENERAL COUNSEL'S REPORT
DATED APRIL 14, 1994.

The above-captioned document was circulated to the Commission on Friday, April 15, 1994 at 12:00 p.m.

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

- Commissioner Aikens _____
- Commissioner Elliott _____
- Commissioner McDonald _____
- Commissioner McGarry _____
- Commissioner Potter XXX
- Commissioner Thomas _____

This matter will be placed on the meeting agenda for Tuesday, May 3, 1994.

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

24043561208

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 3781
University of Osteopathic Medicine)
and Health Sciences of Des Moines,)
Iowa;)
Dr. J. Leonard Azneer)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on May 10, 1994, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 3781:

1. Enter into conciliation with the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa prior to a finding of probable cause to believe.
2. Enter into conciliation with Dr. J. Leonard Azneer prior to a finding of probable cause to believe.
3. Approve the proposed conciliation agreements and the appropriate letters as recommended in the General Counsel's report dated April 14, 1994.

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

Attest:

5-11-94
Date

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

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FEDERAL ELECTION COMMISSION
WASHINGTON DC 20463

MAY 12, 1994

David W. Belin
Belin Harris Lamson McCormick
2000 Financial Center
Des Moines, IA 50309-3989

RE: MUR 3781
University of Osteopathic Medicine and
Health Sciences of Des Moines, Iowa

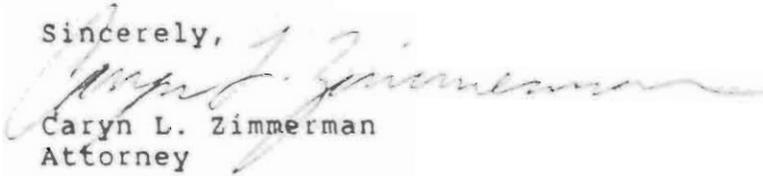
Dear Mr. Belin:

On January 25, 1994, the Federal Election Commission found reason to believe that the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa ("UOMHS") violated 2 U.S.C. §§ 441b and 441f. At your request, on May 10, 1994, the Commission determined to enter into negotiations directed toward reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If UOMHS agrees with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. The Commission has asked us to advise you that the penalty reflected in the enclosed conciliation agreement takes into account the \$250,000 payment made by UOMHS to the Internal Revenue Service in lieu of revocation of the University's tax exempt status. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible.

If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact me at (202) 219-3400.

Sincerely,


Caryn L. Zimmerman
Attorney

Enclosure
Conciliation Agreement

24043561200



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20461

MAY 21, 1994

Gerald W. Crawford, Esq.
510 Liberty Building
Des Moines, IA 50309

RE: MUR 3781
Dr. J. Leonard Azneer

Dear Mr. Crawford:

On January 25, 1994, the Federal Election Commission found reason to believe that Dr. J. Leonard Azneer violated 2 U.S.C. §§ 441b and 441f. On May 10, 1994, the Commission determined to enter into negotiations directed toward reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

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

If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact me at (202) 219-3400.

Sincerely,

Caryn L. Zimmerman
Attorney

Enclosure
Conciliation Agreement

24043561251

BEFORE THE IOWA ETHICS AND CAMPAIGN DISCLOSURE BOARD

IN THE MATTER OF:

THE UNIVERSITY OF
OSTEOPATHIC MEDICINE
AND HEALTH SCIENCES,

RESPONDENT.

INFORMAL SETTLEMENT
IN LIEU OF CONTESTED CASE

MUR 3781

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COMMISSION
OFFICE OF THE
COUNSEL

COME NOW the Iowa Ethics and Campaign Disclosure Board (the Board) and the University of Osteopathic Medicine and Health Sciences (the University) and, pursuant to Iowa Code § 17A.10 (1993) and Iowa Code § 68B.32B as enacted by 1993 Iowa Acts, Ch. 163, enter into this Informal Settlement in lieu of a contested case proceeding pursuant to Iowa Code § 68B.32C as follows:

1. The University is a non-profit corporation organized and authorized to conduct business in Iowa. Dr. J. Leonard Azneer was the president of the University throughout the times at issue in this matter, from approximately January 1983 through approximately September 1992. During this time, the University was governed by a fifty member Board of Trustees, with a seven to nine member finance committee and a five to six member executive committee.

2. The Board has jurisdiction over the parties and the subject matter.

3. During the period of time beginning on or about January 1983 through September 1992, Dr. Azneer made contributions in an aggregate amount of approximately \$80,000 to numerous committees supporting federal, state, and local candidates for public office. During the specific time period of approximately July 26, 1989 through approximately

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September 14, 1992, Dr. Azneer made 28 contributions totaling \$ 26,240.00 to numerous committees supporting state and local candidates. All of these contributions were made either in the name of Dr. Azneer or through other persons solicited by Dr. Azneer. However, Dr. Azneer received reimbursement for these contributions from the University. Dr. Azneer did not inform the recipients of the contribution: that the indirect but ultimate source of the contributions was the University, and campaign disclosure reports of the recipients reflected the identity of the contributor only as Dr. Azneer or the person solicited by Dr. Azneer.

4. Iowa Code § 56.12 provides that "a person shall not make a contribution . . . in the name of another person . . ." By allowing reimbursements for contributions made in the name of others, the University became the unidentified contributor in violation of this Code section.

5. Iowa Code § 56.15(1) provides that "it is unlawful for . . . [a] corporation . . . , whether for profit or not, or an officer, agent or representative acting for such . . . corporation, to contribute any money . . . directly or indirectly, to a committee . . ." The University's reimbursements to Dr. Azneer created indirect corporate contributions to the recipient committees, in violation of this Code section.

6. The Board views these violations as going to the very heart of the Campaign Disclosure law -- the compelling state interest in providing the electorate with accurate information as to the source of a candidate's support and in guarding against corruption have been compromised. See Iowans for Tax Relief v. Campaign Fin. Dis. Com'n, 331 N.W.2d 862, 868 (Iowa 1983). Further, the University's complicity and liability for Dr. Azneer's actions is heightened because of the University's failure to promptly stop the improper

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political contribution reimbursement procedure in 1989 when an allegation concerning the existence of the improper procedure was raised before the University Trustees and executive committee. Despite the fact the information concerning the 1989 allegation was provided to responsible persons inside and outside the University, the University did not ascertain all of the facts and improprieties related to the matter, and the improper political contribution reimbursement procedure continued until Dr. Azneer was placed on leave of absence in September 1992.

7. The University acknowledges that the above stated violations did occur. The Board acknowledges that since discovery of these continuing violations in 1992, the University has undertaken remedial action. The Board further notes that the discovery and reporting of these violations to this agency was facilitated by the University itself in actions taken since September of 1992. In October 1992, the University retained independent legal counsel to review various allegations concerning the Azneer administration. Following the disclosure by this counsel to the University Trustees in December 1992 of the existence of the past improper political contribution reimbursement procedure, the University Trustees directed the legal counsel to immediately make voluntary disclosure and presentations of information regarding the violations to the state campaign finance law enforcement agency (then known as the Campaign Finance Disclosure Commission). The voluntary disclosures to the agency included a written submission to the agency in January 1993, and the University has continued to cooperate with the agency's investigation of this matter since that time. The University is pursuing efforts to recover all claims against Dr. Azneer to which it is entitled including without limitation the recovery of the political contribution reimbursements. The University

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has hired a new President, Dr. David G. Marker, and has evidenced a desire to resolve past transgressions in order to allow the new administration to move forward. This resolution process has included a settlement with the Internal Revenue Service of a matter arising primarily from the same transactions, resulting in the payment of \$250,000 to the United States Treasury in lieu of the revocation of the University's tax exempt status, and the payment of \$23,394.66 in excise and other taxes.

8. Pursuant to Iowa Code § 68B.32B(1), a formal complaint regarding these violations on the part of the University was filed with the Board (the successor enforcement agency to the Commission) by Robert R. Rush on January 26, 1994. On February 3, 1994, the Board determined, pursuant to § 68B.32B(6), that the complaint was legally sufficient, and referred the matter for investigation. This Informal Settlement is entered into under § 68B.32B(10), which permits the Board to enter into an informal settlement at any stage during the investigation. The Board hereby determines that this informal settlement is in the public interest and is consistent with the purposes of chapter 56.

9. Criminal charges were filed against Dr. Azneer on August 30, 1993, arising from these violations, which prosecution is currently pending. No criminal charges have been filed against the University or any other person related to the University.

10. Violations of Iowa Code chapter 56 are subject to administrative sanctions by the Board pursuant to Iowa Code § 68B.32D (1993 Supplement), which include the imposition of a civil penalty of not more than two thousand dollars for each violation.

11. In administrative resolution of these violations, the University agrees that within thirty days after approval of this Informal Settlement by the Board, the University shall

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pay a civil penalty in the amount of \$ 41,240.00 to the Board which shall be deposited into the State's general fund.

12. The University further agrees that it will make available its personnel and records as requested by the Board or other law enforcement authorities in the pursuance of criminal, civil or administrative sanctions against Dr. Azneer relating to these violations.

13. This Informal Settlement is subject to approval of the Board. If the Board approves this Informal Settlement, it becomes the final disposition of this matter as regarding the University. The Board expressly reserves the right to pursue additional sanctions against Dr. Azneer, who is not a party to this Informal Settlement. If the Board fails to approve this Informal Settlement, it shall be of no force or effect to either party.

14. This Informal Settlement is voluntarily submitted by the University.

UNIVERSITY OF OSTEOPATHIC MEDICINE AND HEALTH SCIENCES

By:  6/7/94
Dr. Richard M. Kotz Date
Chairman of the Board

By:  6/6/94
Dr. David Marker Date
President

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15. This Informal Settlement is accepted by the Iowa Ethics and Campaign
Disclosure Board on this 15th day of June, 1994.

Kay Williams
KAY WILLIAMS, Executive Director
Iowa Ethics and Campaign
Disclosure Board

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RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT

JUN 30 9 43 AM '94

BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of)
) MUR 3781
University of Osteopathic Medicine and)
Health Sciences of Des Moines, Iowa)
Dr. J. Leonard Azneer)

GENERAL COUNSEL'S REPORT

I. BACKGROUND

Attached is a conciliation agreement which has been submitted to the Commission as a counteroffer on behalf of the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa ("UOMHS") in the above-referenced matter. (Attachment 1). The agreement has been signed and a check for the civil penalty has been received.

On May 25, 1993, the Commission found reason to believe that UOMHS violated 2 U.S.C. §§ 441b and 441f. On January 25, 1994, the Commission revoked that determination in light of FEC v. NRA Political Victory Fund, 6 F.3d 821 (D.C. Cir. 1993), cert. granted, (U.S. June 20, 1994) (No. 93-1151). See General Counsel's Report dated April 14, 1994 for background information.¹ On May 11, 1994, the Commission determined to enter into prepropable cause conciliation negotiations with both of the respondents, and approved proposed conciliation agreements for

1. The Commission also found reason to believe that Dr. J. Leonard Azneer ("Azneer"), former President of UOMHS, violated 2 U.S.C. §§ 441b and 441f.

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each. On June 15, 1994, respondent entered into an Informal Settlement in Lieu of Contested Case with the Iowa Ethics and Campaign Disclosure Board in a matter arising out of the same facts and circumstances, but limited to state and local political campaign contributions. (Attachment 2).

II. ANALYSIS

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Respondent has admitted to violations of 2 U.S.C. §§ 441b and 441f, and has submitted a check in the full amount of \$19,000 for the civil penalty. Therefore, the General Counsel recommends that the Commission accept this agreement and the \$19,000 civil penalty.

III. RECOMMENDATIONS

1. Accept the attached conciliation agreement with the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa.
2. Close the file as to this respondent.
3. Approve the appropriate letter.

Lawrence M. Noble
General Counsel

9/29/94
Date

BY: 
Lois G. Lerner
Associate General Counsel

Attachments

1. UOMHS conciliation agreement and check
2. Informal Settlement in Lieu of Contested Case between the Iowa Ethics and Campaign Disclosure Board and UOMHS

Staff Assigned: Caryn L. Zimmerman

74043561212

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
University of Osteopathic Medicine and) MUR 3781
Health Sciences of Des Moines, Iowa;)
Dr. J. Leonard Azneer.)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on July 6, 1994, the Commission decided by a vote of 6-0 to take the following actions in MUR 3781:

1. Accept the conciliation agreement with the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa, as recommended in the General Counsel's Report dated June 29, 1994.
2. Close the file as to this respondent.
3. Approve the appropriate letter, as recommended in the General Counsel's Report dated June 29, 1994.

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

Attest:

7-6-94
Date

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

Received in the Secretariat: Thurs., June 30, 1994 9:43 A.M.
Circulated to the Commission: Thurs., June 30, 1994 4:00 P.M.
Deadline for vote: Wed., July 06, 1994 4:00 P.M.

mck

240435612/3



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20461

JULY 8, 1994

Quentin R. Boyken
Belin Harris Lamson McCormick
2000 Financial Center
Des Moines, IA 50309-3989

RE: MUR 3781
University of Osteopathic Medicine and
Health Sciences of Des Moines, Iowa

Dear Mr. Boyken:

On July 6, 1994, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on your client's behalf in settlement of a violation of 2 U.S.C. §§ 441b and 441f, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Accordingly, the file has been closed in this matter as it pertains to the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa.

This matter will become public within 30 days after it has been closed with respect to all other respondents involved. Please be advised that information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B). The enclosed conciliation agreement, however, will become a part of the public record.

You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply with respect to all respondents still involved in this matter. The Commission will notify you when the entire file has been closed.

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact me at (202) 219-3400.

Sincerely,

Caryn L. Zimmerman
Attorney

Enclosure
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
University of Osteopathic Medicine and)
Health Sciences of Des Moines, Iowa)

MUR 3781

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COMMISSION
OFFICE OF GENERAL
COUNSEL

CONCILIATION AGREEMENT

This matter was initiated by a sua sponte submission filed on December 21, 1992, by counsel for the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa ("UOMHS" or "Respondent"). On January 25, 1994, the Federal Election Commission ("Commission") found reason to believe that UOMHS violated 2 U.S.C. §§ 441b and 441f.

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

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

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

III. Respondent enters voluntarily into this agreement with the Commission.

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

1. UOMHS is a non-profit corporation organized under § 501(c)(3) of the Internal Revenue Code. At all times relevant hereto, Dr. J. Leonard Azneer ("Azneer") served as President of UOMHS.

2. From 1983 through September 1992, Azneer made \$18,990 in political contributions to candidates for federal political office, for which he was reimbursed by UOMHS.

3. In February 1989, former University Vice President for Financial Affairs John Foust raised an allegation regarding Azneer's political contribution reimbursement practice with some members of the University's Board of Trustees. Foust's allegations were brought to the attention of the University's counsel and its accountants.

4. From 1989 through September 1992, Azneer continued to make, and the University continued to reimburse him for, federal political contributions totaling \$5,240.

5. UOMHS ceased making political contributions when Azneer was placed on administrative leave of absence in September 1992.

6. In October 1992, newly retained, independent counsel for Respondent began an investigation into Azneer's administration and management of UOMHS. That investigation resulted in the sua sponte submission of this matter.

7. Azneer is no longer associated with UOMHS. Dr. David G. Marker is the new President of UOMHS.

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V. Respondent contends that all of the facts and improprieties related to the reimbursement of federal political contributions were not ascertained in 1989, despite the fact that information concerning the allegations was provided to responsible persons inside and outside UOMHS at that time. Respondent has represented to the Commission that it has voluntarily taken corrective measures to ensure that the improper political contribution reimbursement practice has stopped and will not be reinstated at any time in the future.

VI. UOMHS, through its reimbursements to Dr. Azneer, made \$18,990 in contributions to candidates for federal political office, in violation of 2 U.S.C. § 441b. Each of those contributions was made in the name of another, in violation of 2 U.S.C. § 441f.

VII. As a consequence of Respondent's making improper political contributions from 1983 through 1989, and continuing that practice from 1989 through 1992, Respondent will pay a civil penalty to the Federal Election Commission in the amount of Nineteen Thousand dollars (\$19,000), pursuant to 2 U.S.C. § 437g(a)(5)(A). In determining this civil penalty, the Commission has taken into account the fact that on March 14, 1994, UOMHS resolved its concurrent matter with the Internal Revenue Service, resulting in the payment of \$250,000 to the United States Treasury in lieu of revocation of its tax exempt status, and the payment of \$23,394.66 in excise and other taxes.

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

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

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

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

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FOR THE COMMISSION:

Lawrence M. Noble
General Counsel

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

7/7/94
Date

FOR THE RESPONDENT:

David G. Marker
(Name) David G. Marker, Ph.D.
(Position) President

June 17, 1994
Date

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DISCOUNTING AND AN AFFILIATED MEMBER BANK PROVIDED BY FIRST AMERICAN FINANCIAL SERVICES WILL PRINT ON ALL CHECKS

CASHIER'S CHECK



BANK
DES MONIES, N.A.

DES MONIES, N.A.

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PON
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PAY TO THE
ORDER OF

FEDERAL ELECTION COMMISSION

ONE THOUSAND NINE HUNDRED AND NO/100 DOLLARS

\$19,000.00

PAYABLE TO THE
FIRST STAR BANK
BLOOMINGTON, MN

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Judy Durney

Judy Durney
President & CEO

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BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of)
)
University of Osteopathic Medicine and) MUR 3781
Health Sciences of Des Moines, Iowa)
Dr. J. Leonard Azneer)

GENERAL COUNSEL'S REPORT

I. BACKGROUND

Attached is a conciliation agreement which has been submitted to the Commission as a counteroffer on behalf of J. Leonard Azneer ("Azneer") in the above-referenced matter. (Attachment 1). The agreement has been signed and a check for the civil penalty has been received.

On May 25, 1993, the Commission found reason to believe that Azneer violated 2 U.S.C. §§ 441b and 441f. On January 25, 1994, the Commission revoked that determination in light of FEC v. NRA Political Victory Fund, 6 F.3d 821 (D.C. Cir. 1993), cert. granted, 62 U.S.L.W. 3835 (1994). See General Counsel's Report dated April 14, 1994, for background information.¹ On May 11, 1994, the Commission determined to enter into prepropable cause conciliation negotiations with both of the respondents, and approved proposed conciliation agreements for each.

1. The Commission also found reason to believe that the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa, of which Azneer is the former President, violated 2 U.S.C. §§ 441b and 441f. The Commission voted to accept a conciliation agreement from UOMHS and close the file as to that respondent on July 6, 1994.

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II. ANALYSIS

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
University of Osteopathic Medicine and) MUR 3781
Health Sciences of Des Moines, Iowa;)
Dr. J. Leonard Azneer.)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on August 5, 1994, the Commission decided by a vote of 5-0 to take the following actions in MUR 3781:

1. Accept the conciliation agreement with Dr. J. Leonard Azneer, as recommended in the General Counsel's Report dated August 1, 1994.
2. Close the file.
3. Approve the appropriate letters, as recommended in the General Counsel's Report dated August 1, 1994.

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

Attest:

8-5-94
Date

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

Received in the Secretariat: Tues., Aug. 2, 1994 9:40 a.m.
Circulated to the Commission: Tues., Aug. 2, 1994 11:00 a.m.
Deadline for vote: Fri., Aug. 5, 1994 4:00 p.m.

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FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20461

AUGUST 9, 1994

Gerald W. Crawford, Esq.
The Crawford Law Firm
6943 Vista Drive
West Des Moines, IA 50266

RE: MUR 3781
Dr. J. Leonard Azneer

Dear Mr. Crawford:

On August 5, 1994, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on your client's behalf in settlement of violations of 2 U.S.C. §§ 441b and 441f, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Accordingly, the file has been closed in this matter.

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.

Please be advised that information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B). The enclosed conciliation agreement, however, will become a part of the public record.

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact me at (202) 219-3400.

Sincerely,

Caryn E. Zimmerman
Attorney

Enclosure
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
J. Leonard Azneer

)
)
)

MUR 3781

CONCILIATION AGREEMENT

This matter was initiated by a sua sponte submission filed on December 21, 1992, by counsel for the University of Osteopathic Medicine and Health Sciences of Des Moines, Iowa ("UOMHS"). On January 25, 1994, the Federal Election Commission ("Commission") found reason to believe that Dr. J. Leonard Azneer ("Azneer") violated 2 U.S.C. §§ 441b and 441f.

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

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

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

III. Respondent enters voluntarily into this agreement with the Commission.

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

1. UOMHS is a non-profit corporation organized under § 501(c)(3) of the Internal Revenue Code. At all times relevant hereto, Azneer served as President of UOMHS.

2. In October 1992, counsel for UOMHS began an investigation into Azneer's administration and management of UOMHS. That investigation resulted in the sua sponte submission of this matter. The sua sponte submission followed an informal contact initiated by counsel for Azneer wherein Respondent's practice of obtaining reimbursement from UOMHS for his political contributions was disclosed to representatives of the Commission.

3. From 1983 through September 1992, Azneer made \$18,990 in political contributions to candidates for federal political office, for which he was reimbursed by UOMHS.

V. UOMHS, through its reimbursements to Azneer, made \$18,990 in contributions to candidates for federal political office. Each of those contributions was made in the name of another. As President of UOMHS, Azneer effected both the contributions on behalf of UOMHS and the reimbursements to himself, thereby violating 2 U.S.C. §§ 441b and 441f, respectively.

VI. Respondent will pay a civil penalty to the Federal Election Commission in the amount of Sixteen Thousand dollars (\$16,000), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein

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or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

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

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

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

FOR THE COMMISSION:

Lawrence M. Noble
General Counsel

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

8-9-94
Date

FOR THE RESPONDENT:

Arnold W. Crawford
(Name)
(Position)

7-26-94
Date

Attorney for Dr. Azneen

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LAW OFFICES OF
 NICK CRITELLI, P.C.
 ILOTA TRUST ACCOUNT
 FIRST INTERSTATE BLDG., SUITE 500 PH. 243-3122
 DES MOINES, IA 50309

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Northwest Bank "Cash & A"
 Des Moines
 BANK

PAY
 TO THE
 ORDER OF

Federal Election Commission \$ *10,000.00*
Seven thousand & no/100 DOLLARS

Mary J. Gannell

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20461

AUGUST 9, 1994

Quentin R. Boyken
Belin Harris Lamson McCormick
2000 Financial Center
Des Moines, IA 50309-3989

RE: MUR 3781
University of Osteopathic Medicine and
Health Sciences of Des Moines, Iowa

Dear Mr. Boyken:

This is to advise you that this matter is now closed. 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.

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

Sincerely,

Caryn L. Zimmerman
Attorney

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 3781

DATE FILMED 8-26-54 CAMERA NO. 2

CAMERAMAN JMV

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Date: 9/23/94

Microfilm
 Public Records
 Press

THE ATTACHED MATERIAL IS BEING ADDED TO CLOSED RNR 3781

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**BELIN HARRIS
LAMSON McCORMICK**

A PROFESSIONAL CORPORATION • ATTORNEYS AT LAW

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Eric R. Tausner
Timothy P. Willcockson

Of Counsel
Sue Luettjohann Seitz
Charles D. Hunter
Gerard D. Neugent
Lawrence E. Pope

September 8, 1994

Ms. Caryn L. Zimmerman
Federal Election Commission
999 E Street N.W., Room 819
Washington, D.C. 20004

Re: MUR3781
University of Osteopathic Medicine and Health Sciences, Des Moines, Iowa

Dear Ms. Zimmerman:

Thank you for calling me in early August to advise that the above-referenced matter had been closed.

Press reports have made us aware that the companion case involving Dr. J. Leonard Azneer was resolved through the negotiation of a conciliation agreement which required Dr. Azneer to pay a \$16,000 civil money penalty. We do not understand why Dr. Azneer was allowed to resolve this matter with the Federal Election Commission through the payment of a smaller civil money penalty than the \$19,000 civil money penalty which the FEC required the University to pay, especially considering the fact that it was Dr. Azneer who personally engaged in the improper indirect political contribution practice and continued the improper practice during the 1989-1992 time period. Now that sufficient time has passed so that the complete file should have been placed on the public record, we request that you provide us with an explanation and information concerning the rationale that was used to impose a higher civil money penalty on the University than was imposed on Dr. Azneer. We specifically request a copy of the Conciliation Agreement that was entered into by and between the FEC and Dr. Azneer along with a copy of the other documents now in the public record concerning the companion case involving Dr. Azneer.

I will look forward to receiving the requested documents as well as your response to our inquiry as to why the University was required to pay a higher civil money penalty than Dr. Azneer.

Sincerely,



Quentin R. Boyken
For the Firm

QRB/njm

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FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Date: 9/21/94

 Microfilm
 Public Records
 Press

THE ATTACHED MATERIAL IS BEING ADDED TO CLOSED NUR 3781

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

FAXED

September 20, 1994

VIA FAX: 515-281-3701

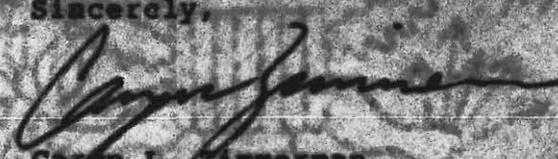
Ms. Lynette Donner
Iowa Ethics and Campaign Disclosure Board
506 Tenth Street, 7th Floor
Des Moines, Iowa 50309

Re: **MUR 3731**
University of Osteopathic Medicine and
Health Sciences of Des Moines, Iowa
Dr. J. Leonard Azneer

Dear Ms. Donner:

Pursuant to your request, enclosed are the conciliation agreements in the above-referenced matter. Please do not hesitate to call if you have any questions.

Sincerely,


Caryn L. Zimmerman
Attorney

Enclosures

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SEPTEMBER 20, 1994

Quentin R. Boyken
Belin Harris Lamson McCormick
2000 Financial Center
Des Moines, IA 50309-3989

RE: MUR 3781
University of Osteopathic Medicine and
Health Sciences of Des Moines, Iowa
Dr. J. Leonard Azneer

Dear Mr. Boyken:

This is in response to your September 8, 1994 letter.

Pursuant to your request, enclosed is a copy of the conciliation agreement entered into between the Federal Election Commission and Dr. J. Leonard Azneer in the above-referenced matter. If you require further documents from the public record, I suggest that you contact the FEC Press Office at (202) 219-4155.

With regard to your request that I provide you with "the rationale that was used to impose a higher civil money penalty on the University than was imposed on Dr. Azneer", I must remind you that all conciliation negotiations are, and remain, confidential. As a consequence, I am constrained from revealing to you, or any other person or entity, the details or information relating to conciliation negotiations, other than the final conciliation agreement. As I am sure you understand, this is for the protection of the respondents, the Commission, and the process.

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

Sincerely,

Caryn L. Zimmerman
Attorney

Enclosure

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