



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 3825

DATE FILMED 6-23-94 CAMERA NO. 2

CAMERAMAN JMN

94043545543

**REPORTS ANALYSIS REFERRAL**  
**TO**  
**OFFICE OF GENERAL COUNSEL**

DATE: March 25, 1993

ANALYST: Elfi Blum-Page

**I. COMMITTEE:** Mike Kreidler for Congress Committee  
(C00260877)  
Krista Bunch, Treasurer  
P.O. Box 4839  
Federal Way, WA 98063

**II. RELEVANT STATUTE:** 2 U.S.C. §434(a)(6)  
11 CFR §104.5(f)

**III. BACKGROUND:**

**Failure to File Forty-Eight Hour Notifications**

The Mike Kreidler for Congress Committee ("the Committee") has failed to file a Forty-Eight (48) Hour Notification ("48-Hour Notice") for a candidate contribution/loan totalling \$18,000 which represents 100% of the candidate loans requiring 48-Hour Notices prior to the 1992 Primary Election.

The candidate was involved in the 1992 Primary Election held on September 15, 1992. Prior Notice was sent to the Committee on August 10, 1992 (Attachment 2). The Notice includes a section titled "48 Hour Notices on Contributions". This section reads "Notices are required if the committee receives contributions (including contributions and loans from the candidate's personal funds; and endorsements or guarantees of bank loans) of \$1,000 or more, during the period of August 27 through September 12. The notices must reach the appropriate federal and state filing offices within 48 hours of the committee's receipt of the contribution(s)."

Schedules A, C and C-1 of the original and amended 1992 October Quarterly Reports indicate that the Committee failed to file a 48-Hour Notice for a candidate contribution/loan received during the aforementioned period (Attachment 3). The following lists the contribution for which no 48-Hour Notice was filed:

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<u>Contributor Name</u>	<u>Date</u>	<u>Amount</u>
Myron Bradford (Mike) Kreidler	9/11/92	\$18,000 <sup>1/</sup>

On December 1, 1992, a Request for Additional Information ("RFAI") was sent to the Committee (Attachment 4). The RFAI notes on an informational basis that the Committee may have failed to file one or more of the required 48-Hour Notices for "last minute" contributions of \$1,000 or more. The notice requests the Committee to review their procedures for checking contributions received during the aforementioned time period. In addition, the notice states that although the Commission may take legal steps, any response would be taken into consideration.

In its December 15, 1992 response, the Committee acknowledges that it was unaware that a notice was required since the money was loaned to the candidate, not the committee (Attachment 5).

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<sup>1/</sup> In response to an RFAI which requested clarification of the distribution of interest in stock used as collateral in obtaining the loan, the committee disclosed this amount as the candidate's guarantee of the \$20,000 loan. (Attachment 6)

CANDIDATE/COMMITTEE/DOCUMENT	RECEIPTS		DISBURSEMENTS		COVERAGE DATES	# OF PAGES	MICROFILM LOCATION TYPE OF FILER		
	OFFICE SOUGHT/	PARTY	PRIMARY	GENERAL				PRIMARY	GENERAL
KREIDLER, MYRON BRADFORD (NIKE) 1. STATEMENT OF CANDIDATE 1992 STATEMENT OF CANDIDATE 2. PRINCIPAL CAMPAIGN COMMITTEE	HOUSE 09	DEMOCRATIC PARTY			WASHINGTON	1992 ELECTION	100 H2WA09024		
						13FEB92	1 92HSE/442/3798		
MIKE KREIDLER FOR CONGRESS COMMITTEE 1992 STATEMENT OF ORGANIZATION						ID 1C00260877	HOUSE		
STATEMENT OF ORGANIZATION - AMENDMENT						18FEB92	1 92HSE/442/4928		
STATEMENT OF ORGANIZATION - AMENDMENT						30MAR92	1 92HSE/444/3301		
STATEMENT OF ORGANIZATION - AMENDMENT						10APR92	1 92HSE/445/2037		
STATEMENT OF ORGANIZATION - AMENDMENT						13MAY92	1 92HSE/451/0786		
STATEMENT OF ORGANIZATION - AMENDMENT						30JUN92	1 92HSE/454/2034		
STATEMENT OF ORGANIZATION - AMENDMENT						8JUL92	1 92HSE/454/3279		
48 HOUR CONTRIBUTION NOTICE						28AUG92	1 92HSE/465/1268		
48 HOUR CONTRIBUTION NOTICE						31AUG92	2 92HSE/465/2313		
48 HOUR CONTRIBUTION NOTICE						2SEP92	2 92HSE/465/3077		
48 HOUR CONTRIBUTION NOTICE						3SEP92	1 92HSE/466/1560		
48 HOUR CONTRIBUTION NOTICE						4SEP92	3 92HSE/466/2791		
48 HOUR CONTRIBUTION NOTICE						8SEP92	2 92HSE/466/3487		
48 HOUR CONTRIBUTION NOTICE						11SEP92	1 92HSE/466/4465		
48 HOUR CONTRIBUTION NOTICE						19OCT92	1 92HSE/476/2937		
48 HOUR CONTRIBUTION NOTICE						19OCT92	1 92HSE/476/2936		
48 HOUR CONTRIBUTION NOTICE						19OCT92	1 92HSE/476/2935		
48 HOUR CONTRIBUTION NOTICE						19OCT92	1 92HSE/476/2934		
48 HOUR CONTRIBUTION NOTICE						19OCT92	1 92HSE/476/2933		
48 HOUR CONTRIBUTION NOTICE						22OCT92	5 92HSE/479/4117		
48 HOUR CONTRIBUTION NOTICE						28OCT92	9 92HSE/481/2067		
48 HOUR CONTRIBUTION NOTICE						2NOV92	3 92HSE/482/0108		
APRIL QUARTERLY			22,809			12FEB92 -31MAR92	7 92HSE/445/1066		
APRIL QUARTERLY - AMENDMENT			-			12FEB92 -31MAR92	6 92HSE/454/1893		
APRIL QUARTERLY - AMENDMENT			-			12FEB92 -31MAR92	5 92HSE/454/1899		
REQUEST FOR ADDITIONAL INFORMATION						12FEB92 -31MAR92	2 92FEC/757/1306		
JULY QUARTERLY			57,995			1APR92 -30JUN92	17 92HSE/457/2273		
1'ST LETTER INFORMATIONAL NOTICE						1APR92 -30JUN92	3 92FEC/811/3200		
PRE-PRIMARY			68,733			1JUL92 -26AUG92	14 92HSE/466/1987		
PRE-PRIMARY - AMENDMENT			71,433			1JUL92 -26AUG92	8 92HSE/466/3263		
OCTOBER QUARTERLY				92,764		78,243 27AUG92 -30SEP92	18 92HSE/468/1121		
OCTOBER QUARTERLY - AMENDMENT				92,764		78,243 27AUG92 -30SEP92	9 92HSE/480/2319		
OCTOBER QUARTERLY - AMENDMENT				-		-27AUG92 -30SEP92	8 92HSE/489/4501		
OCTOBER QUARTERLY - AMENDMENT				92,764		78,243 27AUG92 -30SEP92	4 93HSE/490/0361		
OCTOBER QUARTERLY - AMENDMENT				-		-27AUG92 -30SEP92	1 93HSE/492/2029		
REQUEST FOR ADDITIONAL INFORMATION						27AUG92 -30SEP92	3 92FEC/806/5209		
REQUEST FOR ADDITIONAL INFORMATION 2ND						27AUG92 -30SEP92	2 92FEC/818/1269		
REQUEST FOR ADDITIONAL INFORMATION						27AUG92 -30SEP92	4 93FEC/821/1271		
PRE-GENERAL				57,635		43,223 10OCT92 -14OCT92	13 92HSE/479/3335		
PRE-GENERAL - AMENDMENT				57,635		43,223 10OCT92 -14OCT92	4 93HSE/490/0365		
PRE-GENERAL - AMENDMENT				57,635		43,223 10OCT92 -14OCT92	3 93HSE/490/3164		

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CANDIDATE INDEX OF SUPPORTING DOCUMENTS - (E)

CANDIDATE/COMMITTEE/DOCUMENT	OFFICE SOUGHT/	PARTY	RECEIPTS		DISBURSEMENTS		COVERAGE DATES	# OF PAGES	MICROFILM LOCATION
			PRIMARY	GENERAL	PRIMARY	GENERAL			
1'ST LETTER INFORMATIONAL NOTICE							10CT92 -140CT92	1	92FEC/011/3204
POST-GENERAL				118,429			150CT92 -23NOV92	30	92HSE/400/0207
POST-GENERAL - AMENDMENT				118,429			150CT92 -23NOV92	2	93HSE/490/3162
POST-GENERAL - AMENDMENT				-			-150CT92 -23NOV92	2	93HSE/495/0436
1'ST LETTER INFORMATIONAL NOTICE							150CT92 -23NOV92	1	93FEC/027/4565
YEAR-END				9,415			24NOV92 -31DEC92	10	93HSE/490/3271
<b>TOTAL</b>				<b>152,237</b>	<b>278,243</b>				<b>217 TOTAL PAGES</b>

3. AUTHORIZED COMMITTEES

MIKE KREIDLER COMMITTEE

ID #C00261271 HOUSE

1992 STATEMENT OF ORGANIZATION							26FEB92	1	92HSE/443/0822
STATEMENT OF ORGANIZATION - AMENDMENT							30MAR92	1	92HSE/444/3303
TERMINATION REPORT				5,000			19FEB92 -31MAR92	2	92HSE/445/1162
TERMINATION REPORT - AMENDMENT				5,000			19FEB92 -31MAR92	4	92HSE/454/1038
REQUEST FOR ADDITIONAL INFORMATION							19FEB92 -31MAR92	1	92FEC/757/1304

9 TOTAL PAGES

9 AUTH TOT PAGES

4. JOINT FUNDRAISING COMMITTEES AUTHORIZED BY THE CAMPAIGN

All reports have been reviewed, except (\*)

Cash on Hand as of 12/31/1992: \$ 2.58

Debts and Obligations owed by the Committee as of 12/31/1992: \$ 61,000.--

(\*) 1992 Year-End Report

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# REPORT NOTICE

## FEDERAL ELECTION COMMISSION

WASHINGTON  
Congressional Committees

August 10, 1992

**FOR COMMITTEES INVOLVED IN THE PRIMARY (09/15):**

REPORT	REPORTING PERIOD	REG./CERT. MAILING DATE*	FILING DATE
Pre-Primary	07/01/92 - 08/26/92**	08/31/92	09/03/92
48 Hour Notices	----See Below----		
October Quarterly	08/27/92 - 09/30/92	10/15/92	10/15/92

**WHO MUST FILE**

Principal campaign committees of congressional candidates (including unopposed candidates) who seek nomination in the primary must file the above reports and notices. If the campaign has more than one authorized committee, the principal campaign committee must also file a consolidated report on Form 3Z.

**48 HOUR NOTICES ON CONTRIBUTIONS**

Notices are required if the committee receives contributions (including contributions and loans from the candidate's personal funds; and endorsements or guarantees of bank loans) of \$1,000 or more, during the period of August 27 through September 12. The notices must reach the appropriate federal and state filing offices within 48 hours of the committee's receipt of the contribution(s).

**LABEL**

Affix the peel-off label from the envelope to Line 1 of the report. Corrections should be made on the label.

**COMPLIANCE**

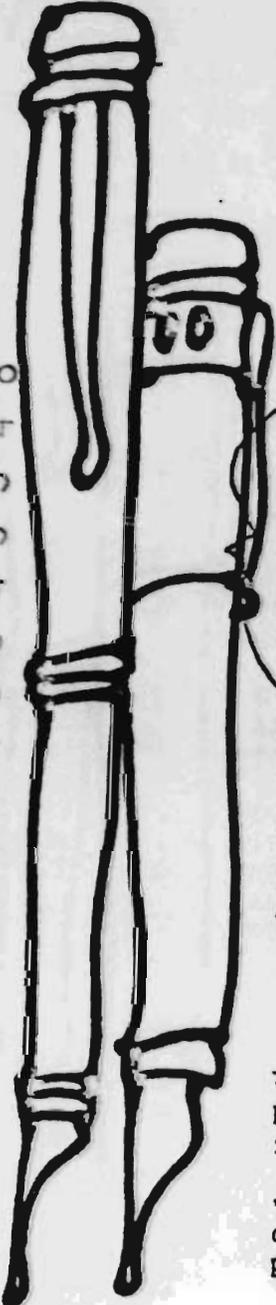
TREASURERS ARE RESPONSIBLE FOR FILING ALL REPORTS AND 48 HOUR NOTICES ON TIME. FAILURE TO DO SO IS SUBJECT TO ENFORCEMENT ACTION. COMMITTEES USING NON-FEC FORMS FOR REPORTS OR FILING ILLEGIBLE REPORTS OR NOTICES WILL BE REQUIRED TO REFILE.

\*Reports sent by registered or certified mail must be postmarked by the mailing date; otherwise, they must be received by the filing date.

\*\*The period begins with the close of the last report filed by the committee. If the committee has filed no previous reports, the period begins with the date of the committee's first activity.

FOR INFORMATION, Call: 800/424-9530 or 202/219-3420

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SCHEDULE A

ITEMIZED RECEIPTS

Use separate schedule(s) for each category of the Detailed Summary Page

PAGE 1 OF 1 FOR LINE NUMBER 13/6

Loan made or guaranteed by candidate

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

NAME OF COMMITTEE (in Full) Mike Krueger for Congress Campaign

94043545349

A. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Key Bank PO Box 90 Seattle, WA 98111		9/11/12	20,000.00
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation	Aggregate Year-to-Date > \$ 20,000.00	
B. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation	Aggregate Year-to-Date > \$	
C. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation	Aggregate Year-to-Date > \$	
D. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation	Aggregate Year-to-Date > \$	
E. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation	Aggregate Year-to-Date > \$	
F. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation	Aggregate Year-to-Date > \$	
G. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation	Aggregate Year-to-Date > \$	

SUBTOTAL of Receipts This Page (optional)

TOTAL This Period (last page this line number only)

20,000.00

**SCHEDULE C**  
 (Revised 3/88)

**LOANS**

 Page 1 of 1 for  
 LINE NUMBER 10  
 Also prepare Schedule  
 for each numbered line!

loans made or guaranteed by candidate

Name of Committee (in Full)			
Mike Kreidler for Congress Committee			
A. Full Name, Mailing Address and ZIP Code of Loan Source	Original Amount of Loan	Payments Made To Date	Balance Outstanding at Close of This Period
Myron (Bo) and (Mike) Kreidler PO Box 7243 Olympia, WA 98507	10,000 <sup>00</sup>	0	10,000 <sup>00</sup>
Election: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)			
Term: Date Incurred <u>3/1/92</u> Date Due <u>12/1/95</u> Interest Rate <u>6</u> (Specify) <input type="checkbox"/> Secured			
List All Endorsers or Guarantors (if any) to Item A			
1. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding		
2. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding		
3. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding		
B. Full Name, Mailing Address and ZIP Code of Loan Source			
Key Bank PO Box 90 Seattle, WA 98111	Original Amount of Loan	Payments Made To Date	Balance Outstanding at Close of This Period
	20,000 <sup>00</sup>	0	20,000 <sup>00</sup>
Election: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)			
Term: Date Incurred <u>9/1/92</u> Date Due <u>9/1/95</u> Interest Rate <u>13</u> (Specify) <input type="checkbox"/> Secured			
List All Endorsers or Guarantors (if any) to Item B			
1. Full Name, Mailing Address and ZIP Code	Name of Employer		
Myron & Lela Kreidler PO Box 7243 Olympia, WA 98507	Group Health		
	Occupation optometrist		
	Amount Guaranteed Outstanding		
2. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding		
3. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding		
SUBTOTALS This Period This Page (optional) .....			
TOTALS This Period (last page in this line only) .....			30,000 <sup>00</sup>

Carry outstanding balance only to LINE 3, Schedule D, for this line. If on Schedule D, carry forward to appropriate line of Summary.

**LOANS AND LINES OF CREDIT FROM LENDING INSTITUTIONS**

NAME OF COMMITTEE (IN FULL) Mike Kreidler for Congress Committee		FEC IDENTIFICATION NUMBER C00260877	
FULL NAME, MAILING ADDRESS AND ZIP CODE OF LENDING INSTITUTION (LENDER) Key Bank of Washington P O Box 90 Seattle, WA 98111		AMOUNT OF LOAN \$20,000.00	INTEREST RATE APR 7.5%
		DATE INCURRED OR ESTABLISHED 9/11/92	DATE DUE 9/11/93
A. Has loan been restructured? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes If yes, date originally incurred: _____			
B. If line of credit, amount of this draw: _____; total outstanding balance: _____			
C. Are other parties secondarily liable for the debt incurred? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes (Endorsers and guarantors must be reported on Schedule C.)			
D. Are any of the following pledged as collateral for the loan: real estate, personal property, goods, negotiable instruments, certificates of deposit, chattel papers, stocks, accounts receivable, cash on deposit, or other similar traditional collateral? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes If yes, specify: <u>Bank Stock 1st Community Bank</u>			
What is the value of this collateral? <u>\$36,000</u>			
Does the lender have a perfected security interest in it? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes			
E. Are any future contributions or future receipts of interest income, pledged as collateral for the loan? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes If yes, specify: _____ What is the estimated value? _____			
A depository account must be established pursuant to 11 CFR 100.7(b)(11)(i)(B) and 100.8(b)(12)(i)(B). Date account established: _____ Location of account: _____			
F. If neither of the types of collateral described above was pledged for this loan, or if the amount pledged does not equal or exceed the loan amount, state the basis upon which this loan was made and the basis on which it assures repayment.			
G. COMMITTEE TREASURER JoAnne Waldum, Ass't Treas. TYPED NAME		SIGNATURE <i>JoAnne Waldum</i>	DATE 12/1/92
H. Attach a signed copy of the loan agreement.			
I. TO BE SIGNED BY THE LENDING INSTITUTION: I. To the best of this institution's knowledge, the terms of the loan and other information regarding the extension of the loan are accurate as stated above. II. The loan was made on terms and conditions (including interest rate) no more favorable at the time than those imposed for similar extensions of credit to other borrowers of comparable credit worthiness. III. This institution is aware of the requirement that a loan must be made on a basis which assures repayment, and has complied with the requirements set forth at 11 CFR 100.7(b)(11) and 100.8(b)(12) in making this loan.			
AUTHORIZED REPRESENTATIVE <i>Catherine Y. Biggs</i> Catherine Y Biggs TYPED NAME		SIGNATURE <i>Catherine Y. Biggs</i>	TITLE Commercial Loan Officer
			DATE 12/7/92



FEDERAL ELECTION COMMISSION  
WASHINGTON DC 20543

RG-2

Erista Bunch, Treasurer  
Mike Kreidler for Congress  
Committee  
P.O. Box 4839  
Federal Way, WA 98063

DEC 1 1992

Identification Number: C00260877

Reference: October Quarterly Report (8/27/92-9/30/92)

Dear Ms. Bunch:

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

-Your report (pertinent portion attached) discloses a reimbursement to a committee staff member or other individual. Staff advances are considered contributions until they are repaid and are subject to the contribution limits for individuals. Staff advances, until they are repaid, are subject to the regulations governing the reporting of debts. See 11 CFR §104.11(b). If this individual was advancing funds to the committee for the purchase of campaign materials or services, the transaction should be reported in the following manner. The advance should be itemized as a contribution on Schedule A and listed as a memo entry. If, however, the advance was paid in the same reporting period in which it was made, the filing of a Schedule A is not required. When the repayment is made the transaction should be itemized on a Schedule B supporting Line 17. If the ultimate payee (vendor) requires itemization, it should be listed on Schedule B as a memo entry directly below the entry itemizing the repayment of the advance. On future filings, please report advances as stated above. See 11 CFR §116.5 Advances by committee staff and other individuals.

-Schedule A of your report indicates that your committee may have failed to file one or more of the required 48 hour notices regarding "last minute" contributions received by your committee after the close of books for the 12 Day Pre-Primary Report. A principal campaign committee must notify the Commission, in writing, within 48 hours of any contribution of \$1,000 or more received

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between two and twenty days before an election. These contributions are then reported on the next report required to be filed by the committee. To ensure that the Commission is notified of last minute contributions of \$1,000 or more to your campaign, it is recommended that you review your procedures for checking contributions received during the aforementioned time period. Although the Commission may take legal action, any response you wish to make concerning this matter will be taken into consideration. (11 CPA §104.5(f))

-All contributions received by your committee from 8/27/92 through 9/30/92 are required to be reported on this report. Your committee filed a 48 hour notice disclosing a "last minute" contribution from APSCHE on 8/31/92; UPCM on 9/3/92; and Washington Optometric PAC on 9/1/92. This contribution does not appear on a Schedule A of this report. Please amend your report to include this contribution or provide an explanation of this apparent discrepancy.

-Your report does not include a Schedule C-1. Certain information disclosed in your report indicates that a loan(s) should be itemized on Schedule C-1. Please provide the missing schedule.

-Schedule B supporting Line 20(c) discloses a refund to WOPAC. However, it appears that the receipt of this contribution has not been reported by your committee. Please clarify this matter and amend your reports.

A written response or an amendment to your original report(s) correcting the above problem(s) should be filed with the Clerk of the House of Representatives, 1036 Longworth House Office Building, Washington, DC 20515 within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 219-3500.

Sincerely,

*Elfi Blum-Page*  
Elfi Blum-Page  
Reports Analyst  
Reports Analysis Division

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

FIRST GENERAL COUNSEL'S REPORT

**SENSITIVE**

RAD Referral #93L-13  
STAFF MEMBER: Anne Weissenborn

SOURCE: I N T E R N A L L Y G E N E R A T E D

RESPONDENTS: Mike Kreidler for Congress Committee  
Krista Bunch, as treasurer

RELEVANT STATUTES: 2 U.S.C. § 434(a)(6)(A)

I. GENERATION OF MATTER

The Office of the General Counsel received a referral from the Reports Analysis Division ("RAD") on March 26, 1993. Attachment 1. The basis for the attached referral is the failure of the Mike Kreidler for Congress Committee ("the Committee") and Krista Bunch, as treasurer, ("Respondents") to file a forty-eight hour notification ("48 Hour Notice") for a candidate contribution totaling \$18,000. Myron "Mike" Kreidler won the 1992 Primary and General Elections in the 9th Congressional District in the State of Washington with 23 and 53 percent of the vote, respectively.

II. FACTUAL AND LEGAL ANALYSIS

Based on the Factual and Legal Analysis, see Attachment 2, this Office recommends the Commission find reason to believe the Respondents violated 2 U.S.C. § 434(a)(6)(A).

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III. DISCUSSION OF CONCILIATION AND CIVIL PENALTY

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IV. RECOMMENDATIONS

1. Open a MUR.
2. Find reason to believe that the Mike Kreidler for Congress Committee and Krista Bunch, as treasurer, violated 2 U.S.C. § 434(a)(6)(A) and enter into conciliation prior to a finding of probable cause to believe.

3. Approve the attached Factual and Legal Analysis, proposed conciliation agreement, and the appropriate letter.

Lawrence M. Noble  
General Counsel

10-15-93  
Date

BY:

  
Lois G. Lerner  
Associate General Counsel

Attachments

1. Referral Materials
2. Factual and Legal Analysis
3. Proposed Conciliation Agreement

94043545556

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of  
Mike Kreidler for Congress  
Committee and Krista Bunch, as  
treasurer.

)  
)  
) RAD Referral  
) #93L-13  
) MUR 3825

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on October 21, 1993, the Commission decided by a vote of 5-0 to take the following actions in RAD Referral #93L-13:

1. Open a MUR.
2. Find reason to believe that the Mike Kreidler for Congress Committee and Krista Bunch, as treasurer, violated 2 U.S.C. § 434(a)(6)(A) and enter into conciliation prior to a finding of probable cause to believe.
3. Approve the Factual and Legal Analysis, proposed conciliation agreement, and the appropriate letter, as recommended in the General Counsel's Report dated October 15, 1993.

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

Attest:

10-21-93  
Date

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

Received in the Secretariat:	Fri.,	Oct. 15, 1993	5:01 p.m.
Circulated to the Commission:	Mon.,	Oct. 18, 1993	11:00 a.m.
Deadline for vote:	Thurs.,	Oct. 21, 1993	4:00 p.m.

bjr

94043545557



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

OCTOBER 28, 1993

Krista Bunch, Treasurer  
Mike Kreidler for Congress Committee  
P.O. Box 4839  
Federal Way, Washington 98063

RE: MUR 3825  
Mike Kreidler for Congress  
Committee and Krista Bunch,  
as treasurer

Dear Ms. Bunch:

On October 21, 1993, the Federal Election Commission found that there is reason to believe Mike Kreidler for Congress ("Committee") and you, as treasurer, have violated 2 U.S.C. § 434(a)(6)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

In order to expedite the resolution of this matter, the Commission has also decided to offer to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. Enclosed is a conciliation agreement that the Commission has approved.

If you are interested in expediting the resolution of this matter by pursuing preprobable cause conciliation and if you agree with the provisions of the enclosed agreement, please sign and return the agreement, 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.

94043545558

Krista Bunch, Treasurer  
Page 2

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

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

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

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Anne Weissenborn, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,



Scott E. Thomas  
Chairman

Enclosures

Factual and Legal Analysis  
Procedures  
Designation of Counsel Form  
Conciliation Agreement

cc: The Honorable Mike Kreidler

94043545559

FEDERAL ELECTION COMMISSION  
FACTUAL & LEGAL ANALYSIS

RESPONDENTS: Mike Kreidler for Congress  
Committee and Krista Bunch,  
as treasurer

MUR 3825

This matter was generated based on information ascertained by the Federal Election Commission ("the Commission") in the normal course of carrying out its supervisory responsibilities. See 2 U.S.C. § 437g(a)(2).

The Federal Election Campaign Act of 1971, as amended ("the Act"), requires principal campaign committees of candidates for federal office to notify in writing either the Secretary of the Senate, the Clerk of the U.S. House of Representatives or the Commission, as appropriate, and the Secretary of State, of each contribution totaling \$1,000 or more, received by any authorized committee of the candidate after the 20th day but more than 48 hours before any election. 2 U.S.C. § 434(a)(6)(A). The Act requires notification to be made within 48 hours after the receipt of the contribution and to include the name of the candidate and office sought, the date of receipt, the amount of the contribution, and the identification of the contributor. Id. The notification of these contributions shall be in addition to all other reporting requirements. 2 U.S.C. § 434(a)(6)(B).

The term "contribution" includes any loan of money except those made by a bank in accordance with applicable law and in the ordinary course of business. A bank loan shall be considered a loan by each endorser or guarantor, in that proportion of the

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unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors. 2 U.S.C. § 431(8)(B)(vii).

Pursuant to 11 C.F.R. §§ 110.10(a) and (b)(3), a candidate may make unlimited expenditures from personal funds and may use a portion of assets jointly owned with his or her spouse as personal funds. According to 11 C.F.R. § 100.7(a)(1)(D), "a candidate may obtain a loan on which his or her spouse's signature is required when jointly owned assets are used as collateral or security for the loan. The spouse shall not be considered a contributor to the candidate's campaign if the value of the candidate's share of the property used as collateral equals or exceeds the amount of the loan which is used for the candidate's campaign."

The Primary Election in the state of Washington was held on September 15, 1992. Myron "Mike" Kreidler was a candidate for election from the 9th Congressional District, and named Mike Kreidler for Congress as his principal campaign committee.

Pursuant to the Act, the Mike Kreidler for Congress Committee ("the Committee) and Krista Bunch, as treasurer, were required to notify the Commission, in writing, within 48 hours of their receipt, of all contributions of \$1,000 or more received from August 27 to September 12, 1992. A review of the Committee's original and amended 1992 October Quarterly Report identified a receipt of \$20,000 on September 11, 1992 which was reported as a receipt from Key Bank on Schedule A and as a loan guaranteed by the candidate and his wife, Lela Kreidler, on Schedule C.

The Schedule C-1 filed with regard to this loan identified bank stock valued at \$36,000 in the First Community Bank as the

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collateral for this loan. This Schedule C-1 also stated that the lender, Key Bank of Washington, had a perfected security interest in the collateral. The loan term was one year, from September 11, 1992 to September 11, 1993 and carried a 13% interest rate.

On January 19, 1993 RAD requested clarification of the distribution of interest in the bank stock. On January 25, 1993 the Committee responded that the stock was owned equally by Mike Kreidler and his wife. Thus, each spouse owned 50% or \$18,000.

According to the Commission's regulations, Mike Kreidler could make unlimited expenditures from personal funds, and use his portion of assets jointly owned with his spouse as such. Of the \$20,000 obtained through the loan guaranteed by the Kreidlers, \$18,000 was based on collateral which represented the candidate's personal funds; thus, \$18,000 was a contribution from the candidate. The Committee has acknowledged that the remaining amount constituted a contribution by Lela Kreidler and is to be considered such until the loan is repaid.

The Committee did not submit a 48 Hour Notice for these two simultaneous contributions. Therefore, there is reason to believe that the Mike Kreidler for Congress Committee and Krista Bunch, as treasurer, violated 2 U.S.C. § 434(a)(6)(A) by failing to report two campaign contributions of \$1,000 or more, received after the 20th day, but more than 48 hours before the primary election, within 48 hours of receipt of the contributions.

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FEDERAL RECEIVED ON

MIKE KREIDLER

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NOV 10 1993

93 NOV 10 PM 3:53

Nov. 8, 1993

Mr. Scott E. Thomas  
Chairman  
Federal Election Commission  
Washington D.C. 20463

Dear Mr. Thomas:

RE: MUR 3825

I received your letter on the above captioned matter Nov. 5. Because the original documents will have to be recovered from storage on the west coast, shipped to the east coast, reviewed by counsel, and a response drafted, I hereby seek an extension of time.

Please direct all future correspondence on this matter to me at P.O. Box 1496, Washington D.C. 20013.

Sincerely,  
*Mike Kreidler*  
MIKE KREIDLER  
Member of Congress

94043545563



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

NOVEMBER 15, 1993

The Hon. Mike Kreidler  
Mike Kreidler for Congress Committee  
P.O. Box 1496  
Washington, DC 20013

RE: MUR 3825

Dear Mr. Kreidler:

This is in response to your letter dated November 8, 1993, which we received on November 10, 1993, requesting an extension of time to respond to the Commission's reason to believe determination in the above-cited matter. After considering the circumstances presented in your letter, the Office of the General Counsel has granted an extension of two weeks. Accordingly, your response is due by the close of business on December 6, 1993.

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

Sincerely,

A handwritten signature in cursive script, reading "Anne A. Weissenborn", is written over the typed name.

Anne A. Weissenborn  
Senior Attorney

94043545564

OAC 0565 need 12/6/93

Dec. 6, 1993

Scott E. Thomas  
Chairman  
Federal Election Commission  
Washington D.C. 20463

RE: MUR 3825

Dear Mr. Chairman:

The Kreidler for Congress campaign has received your letter of October 28 which alleges a violation of 2 U.S.C. Paragraph 434(a) (6) (A). This letter will demonstrate to you that the Kreidler for Congress did not knowing commit a violation; and that the campaign's decision making and handling of the loan (which is the subject of your allegation) was directly influenced by prior communications with the Federal Election Commission.

Congressman Kreidler, his former treasurer, and his campaign manager inform the FEC that this incident was clearly unintended and can readily be understood from the chronology of events, the volunteer nature of the campaign, and the timing of the loan in the closing hours of the 1992 primary. Undeniably, no harm was inflicted and there was no intention to mislead anyone, nor does it appear anyone was misled. The loan was, in fact, routinely disclosed.

In its April 1992 quarterly report, the Mike Kreidler for Congress campaign reported to the FEC a loan to the Kreidler for Congress campaign for \$10,000 drawn on the personal finances of the candidate. The Kreidler for Congress campaign filed the appropriate Schedule C with the April report and all reports there after.

A letter dated May 26, 1992 from the FEC to the campaign asked for information about the loan. Specifically the FEC asked whether the \$10,000 was a loan to the campaign from personal finances. The campaign responded on June 24 that the loan was indeed from the personal funds of the candidate. No mention was made of that loan again. The campaign always considered this to be loan, a position never challenged or corrected by the FEC in any communication with the Kreidler for Congress campaign.

Communications from the FEC regarding this loan certainly raised no alarm with the campaign's treasurer when it came time to report the subsequent loan.

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FEDERAL ELECTION COMMISSION

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Scott E. Thomas  
Page 2

As you may recall, the 9th Congressional District of Washington did not even exist until the United States Supreme Court decision in Franklin v. Massachusetts on June 26, 1992; with only 75 days between the official creation of the 9th District and the primary election, the Kreidler campaign was forced to rely entirely on volunteers and nonprofessional staff. In this particular instance, the loan was made by a first time candidate under circumstances which a first time treasurer had never before encountered during the closing moments of a primary; and although her knowledge of FEC rules and regulations was limited, the treasurer made a best faith effort to deal with the complexities of the law and was guided by her understanding of the earlier communications with the FEC regarding the April loan.

Like everyone else associated with this campaign, the treasurer had no professional training, especially in FEC regulations, in bookkeeping, or in accounting. Her work as a layman was highly competent in most instances; no other significant violations have been alleged; and while everyone associated with the Kreidler for Congress campaign regrets that in this situation the complexity of this regulation was beyond the competence of the campaign, it is obvious from the way the loan was reported that no one attempted in any way to mislead the public, the Commission, or Mr. Kreidler's opponents. Please note that the loan was routinely reported on the next quarterly report.

In that next report, the campaign filed on Schedule C a loan of \$20,000 to the campaign from the candidate, who had secured a personal loan from Key Bank of Washington four days prior to the primary election. Based on the campaign's earlier communications, the treasurer felt she had followed the course outlined in the FEC's earlier communications, and continued to feel so until receiving a letter dated December 1, 1992, in which the FEC referenced five separate "questions concerning certain information contained in the (October) report."

One question was about the 48 hour notice. Another separate question was about the loan. The campaign had failed to include a Schedule C-1. Once again, it appeared from the questioning that 48 hour notice and the loan were two separate issues.

In its response of December 11, 1993, the Kreidler for Congress campaign enclosed a copy of the appropriate Schedule C-1 and stated:

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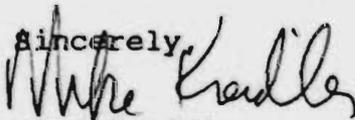
Scott E. Thomas  
Page 3

"This was not included with the original report in error because we felt that since the money was not loaned to the Committee, but to the Candidate personally, that the form would not apply. As we discussed in our telephone conversation, we were totally unaware that a loan, particularly from the candidate himself, would count as a contribution for purposes of the 48-hour rule and therefore should have sent a notice to your office. We were very careful about sending notices when required and apologize for this oversight."

On December 23 the FEC responded by pointing that some of the information pertaining to the 48 hour rule was incomplete. The letter listed 3 contributions which needed to be listed but were not. None of the contributions listed included the loan from the candidate, leaving the Kreidler campaign to conclude yet again that the loan was treated differently than a contribution. The Kreidler campaign responded immediately to the request for information about the 3 contributions.

Despite amending the October 15 report three times, the Kreidler campaign was never made aware that a loan should be treated as a contribution and as such should be included in the 48 hour rule. When asked the campaign presented the Schedule C-1 as requested.

In light of the Kreidler campaign's demonstrated cooperation, its attempts to follow the meaning of the correspondence it had received from FEC, its obvious lack of familiarity with the multitude of complex rules and regulations at the FEC, and its obvious distress at having to face an allegation, the Kreidler for Congress again apologizes to the FEC, notes that the treasurer who handled this matter in 1992 is no longer with the campaign, notes its correct filing of many 48 hour reports, and urges the FEC to dismiss the matter under review.

Sincerely,  
  
Mike Kreidler  
P.O. Box 1496  
Washington D.C. 20013

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FEDERAL ELECTION COMMISSION  
WASHINGTON, DC 20461

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SECRET

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**SENSITIVE**

February 4, 1994

**MEMORANDUM**

To: The Commission  
From: Lois G. Lerner *LL*  
Associate General Counsel  
Subject: MUR 3825

Recommended Actions in Light of FEC v. NRA Political Victory Fund, 6 F.3d 821 (D.C. Cir. 1993), petition for cert. filed, (U.S. No. 93-1151, Jan. 18, 1994).

**I. BACKGROUND**

On November 5, 1993, the Office of the General Counsel forwarded to the Commission a memorandum regarding the recent appellate decision in FEC v. NRA Political Victory Fund, 6 F.3d 821 (D.C. Cir. 1993), petition for cert. filed, (U.S. No. 93-1151, Jan. 18, 1994) and advised the Commission on the effects and implications of that decision on the pending enforcement caseload. This Office has again reviewed the Commission's pending enforcement docket and now makes recommendations with respect to MURs in which the Commission found reason to believe, entered into pre-probable cause to believe conciliation, and mailed a proposed conciliation agreement to the respondents prior to the court's decision in NRA.

The recommendations put forth as to each of these matters are consistent with the Commission's November 9, 1993, decisions concerning compliance with the NRA opinion.

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NOTICE

PAGES 2 THROUGH 4  
CONTAIN INFORMATION PERTAINING TO MATTERS  
CURRENTLY UNDER CONSIDERATION BY THE COMMISSION

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**III. RECOMMENDATIONS**

**1. MUR 3825 (formerly 93L-13)**

- a. Open a Matter Under Review.
- b. Find reason to believe that the Mike Kreidler for Congress Committee and Avanel R. Wheaton, as treasurer, violated 2 U.S.C. § 434(a)(6)(A), and enter into conciliation prior to a finding of probable cause to believe.
- c. Approve the Factual and Legal Analysis and proposed conciliation agreement attached to the General Counsel's Report dated October 15, 1993, subject to replacement of the former treasurer's name with the current treasurer's name.
- d. Approve the appropriate letter.

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Mike Kreidler for Congress Committee ) MUR 3825  
and Avaneil R. Wheaton, as treasurer. ) (Formerly RAD  
 ) Referral #93L-13)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on February 9, 1994, the Commission decided by a vote of 5-0 to take the following actions in MUR 3825:

1. Open a Matter Under Review.
2. Find reason to believe that the Mike Kreidler for Congress Committee and Avaneil R. Wheaton, as treasurer, violated 2 U.S.C. § 434(a)(6)(A), and enter into conciliation prior to a finding of probable cause to believe.
3. Approve the Factual and Legal Analysis and proposed conciliation agreement attached to the General Counsel's Report dated October 15, 1993, subject to replacement of the former treasurer's name with the current treasurer's name.

(continued)

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4. Approve the appropriate letter, as recommended in the General Counsel's Memorandum dated February 4, 1994.

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

Attest:

2-9-94  
Date

*Deborah Hardy*  
for Marjorie W. Emmons  
Secretary of the Commission

Received in the Secretariat: Fri., Feb. 4, 1994 9:55 a.m.  
Circulated to the Commission: Fri., Feb. 4, 1994 12:00 p.m.  
Deadline for vote: Wed., Feb. 9, 1994 4:00 p.m.

bjr

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FEDERAL ELECTION COMMISSION  
WASHINGTON, DC 20463

FEBRUARY 14, 1994

The Hon. Mike Kreidler  
Mike Kreidler for Congress Committee  
P.O. Box 1496  
Washington, DC 20013

RE: MUR 3825

Dear Mr. Kreidler:

On October 21, 1993, the Federal Election Commission found reason to believe that the Mike Kreidler for Congress Committee and Krista Bunch, as treasurer, violated 2 U.S.C. § 434(a)(6)(A), and entered into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. A proposed conciliation agreement was mailed to your committee.

As you may be aware, on October 22, 1993, the D.C. Circuit declared the Commission unconstitutional on separation of powers grounds due to the presence of the Clerk of the House of Representatives and the Secretary of the Senate or their designees as members of the Commission. PEC v. NRA Political Victory Fund, 6 F.3d 821 (D.C. Cir. 1993), petition for cert. filed, (U.S. No. 93-1151, Jan. 18, 1994). Since the decision was handed down, the Commission has taken several actions to comply with the court's decision. While the Commission petitions the Supreme Court for a writ of certiorari, the Commission, consistent with that opinion, has remedied any possible constitutional defect identified by the Court of Appeals by reconstituting itself as a six member body without the Clerk of the House and the Secretary of the Senate or their designees. In addition, the Commission has adopted specific procedures for revoting or ratifying decisions pertaining to open enforcement matters.

In this matter, on February 9, 1994, the Commission revoted to find reason to believe that the Mike Kreidler for Congress Committee and Avanel R. Wheaton, as treasurer, violated 2 U.S.C. § 434(a)(6)(A), and to approve the Factual and Legal Analysis

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The Hon. Mike Kreidler  
Page 2

previously mailed to your committee. You should refer to that document for the basis of the Commission's decision. If you need an additional copy, one will be provided upon request.

In addition, the Commission also revoted to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe, and revoted to approve the enclosed proposed conciliation agreement. This agreement is the same as that previously mailed to you except that the name of the treasurer has been changed.

If you agree with the provisions of the enclosed agreement, please sign and return it to the Commission within ten days. Please make the check for the civil penalty payable to the Federal Election Commission.

Given the unique circumstances engendered by the NRA decision, conciliation negotiations, prior to a finding of probable cause to believe, will be limited to a maximum of 30 days.

If you have any questions, please contact Anne A. Weissenborn, the attorney assigned to this matter, at (202) 219-3400.

For the Commission,



Trevor Potter  
Chairman

Enclosure  
Conciliation Agreement

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FEDERAL RECEIVED  
OFFICE OF THE COMMISSION

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Feb. 28, 1994

Trevor Potter  
Chairman  
Federal Election Commission  
Washington D.C. 20463

RE: MUR 3825

Dear Mr. Chairman:

The Kreidler for Congress campaign has received your letter of February 14 which alleges a violation of 2 U.S.C. Paragraph 434(a) (6) (A). This letter will demonstrate to you that the Kreidler for Congress did not knowing commit a violation; and that the campaign's decision making and handling of the loan (which is the subject of your allegation) was directly influenced by prior communications with the Federal Election Commission.

Congressman Kreidler, his former treasurer, and his campaign manager inform the FEC that this incident was clearly unintended and can readily be understood from the chronology of events, the volunteer nature of the campaign, and the timing of the loan in the closing hours of the 1992 primary. Undeniably, no harm was inflicted and there was no intention to mislead anyone, nor does it appear anyone was misled. The loan was, in fact, routinely disclosed.

In its April 1992 quarterly report, the Mike Kreidler for Congress campaign reported to the FEC a loan to the Kreidler for Congress campaign for \$10,000 drawn on the personal finances of the candidate. The Kreidler for Congress campaign filed the appropriate Schedule C with the April report and all reports there after.

A letter dated May 26, 1992 from the FEC to the campaign asked for information about the loan. Specifically the FEC asked whether the \$10,000 was a loan to the campaign from personal finances. The campaign responded on June 24 that the loan was indeed from the personal funds of the candidate. No mention was made of that loan again. The campaign always considered this to be loan, a position never challenged or corrected by the FEC in any communication with the Kreidler for Congress campaign.

Communications from the FEC regarding this loan certainly raised no alarm with the campaign's treasurer when it came time to report the subsequent loan.

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Trevor Potter  
Page 2

As you may recall, the 9th Congressional District of Washington did not even exist until the United States Supreme Court decision in Franklin v. Massachusetts on June 26, 1992; with only 75 days between the official creation of the 9th District and the primary election, the Kreidler campaign was forced to rely entirely on volunteers and nonprofessional staff. In this particular instance, the loan was made by a first time candidate under circumstances which a first time treasurer had never before encountered during the closing moments of a primary; and although her knowledge of FEC rules and regulations was limited, the treasurer made a best faith effort to deal with the complexities of the law and was guided by her understanding of the earlier communications with the FEC regarding the April loan.

Like everyone else associated with this campaign, the treasurer had no professional training, especially in FEC regulations, in bookkeeping, or in accounting. Her work as a layman was highly competent in most instances; no other significant violations have been alleged; and while everyone associated with the Kreidler for Congress campaign regrets that in this situation the complexity of this regulation was beyond the competence of the campaign, it is obvious from the way the loan was reported that no one attempted in any way to mislead the public, the Commission, or Mr. Kreidler's opponents. Please note that the loan was routinely reported on the next quarterly report.

In that next report, the campaign filed on Schedule C a loan of \$20,000 to the campaign from the candidate, who had secured a personal loan from Key Bank of Washington four days prior to the primary election. Based on the campaign's earlier communications, the treasurer felt she had followed the course outlined in the FEC's earlier communications, and continued to feel so until receiving a letter dated December 1, 1992, in which the FEC referenced five separate "questions concerning certain information contained in the (October) report."

One question was about the 48 hour notice. Another separate question was about the loan. The campaign had failed to include a Schedule C-1. Once again, it appeared from the questioning that 48 hour notice and the loan were two separate issues.

In its response of December 11, 1993, the Kreidler for Congress campaign enclosed a copy of the appropriate Schedule C-1 and stated:

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Trevor Potter  
Page 3

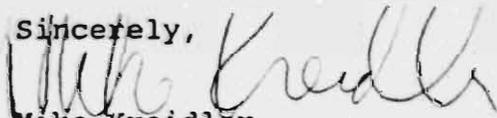
"This was not included with the original report in error because we felt that since the money was not loaned to the Committee, but to the Candidate personally, that the form would not apply. As we discussed in our telephone conversation, we were totally unaware that a loan, particularly from the candidate himself, would count as a contribution for purposes of the 48-hour rule and therefore should have sent a notice to your office. We were very careful about sending notices when required and apologize for this oversight."

On December 23 the FEC responded by pointing that some of the information pertaining to the 48 hour rule was incomplete. The letter listed 3 contributions which needed to be listed but were not. None of the contributions listed included the loan from the candidate, leaving the Kreidler campaign to conclude yet again that the loan was treated differently than a contribution. The Kreidler campaign responded immediately to the request for information about the 3 contributions.

Despite amending the October 15 report three times, the Kreidler campaign was never made aware that a loan should be treated as a contribution and as such should be included in the 48 hour rule. When asked the campaign presented the Schedule C-1 as requested.

In light of the Kreidler campaign's demonstrated cooperation, its attempts to follow the meaning of the correspondence it had received from FEC, its obvious lack of familiarity with the multitude of complex rules and regulations at the FEC, and its obvious distress at having to face an allegation, the Kreidler for Congress again apologizes to the FEC, notes that the treasurer who handled this matter in 1992 is no longer with the campaign, notes its correct filing of many 48 hour reports, and urges the FEC to dismiss the matter under review.

Sincerely,



Mike Kreidler  
P.O. Box 1496  
Washington D.C. 20013

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MARCH 17, 1994

The Hon. Mike Kreidler  
Mike Kreidler for Congress Committee  
P.O. Box 1496  
Washington, DC 20013

RE: MUR 3825

Dear Mr. Kreidler:

The Office of the General Counsel has received your letter of February 28, 1994 addressed to the chairman of the Federal Election Commission. Given certain statements in your letter, this Office believes that you may not be in possession of certain information which could help to expedite the resolution of this enforcement matter.

Enclosed you will find a copy of the Report Notice sent on August 10, 1992 to all committees involved in primaries on September 15, 1992. One of the items addressed in this Notice was the necessity of filing 48 Hour Notices of contributions of \$1,000 or more which were in turn expressly defined to include contributions and loans from the candidate's personal funds and endorsements or guarantees of bank loans.

Also enclosed are copies of the Request for Additional Information ("RFAI") mailed to your committee on December 1, 1992 and the response to that RFAI dated December 11, 1992. Please note that the latter response references a telephone conversation with the reports analyst concerning the relationship of loans from candidates and the 48-hour rule, and acknowledges that the loan received on September 11, 1992 should have been included in a 48-hour notice.

As stated in the letter from the Chairman dated February 14, 1994, conciliation negotiations in this matter are limited to a maximum of 30 days, a period which has already run. If you are interested in pursuing negotiations, please call me at (202)

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The Hon. Mike Kreidler  
Page 2

219-3400 by close of business on March 22, 1994. Should this Office not hear from you, we will recommend that the Commission proceed to the next stage of the enforcement process.

Sincerely,

*Anne A. Weissenborn*

Anne A. Weissenborn  
Senior Attorney

Enclosures

94043545579

# REPORT NOTICE

## FEDERAL ELECTION COMMISSION

WASHINGTON  
Congressional Committees

August 10, 1992

### FOR COMMITTEES INVOLVED IN THE PRIMARY (09/15):

REPORT	REPORTING PERIOD	REG./CERT. MAILING DATE*	FILING DATE
Pre-Primary	07/01/92 - 08/26/92**	08/31/92	09/03/92
48 Hour Notices	----See Below----		
October Quarterly	08/27/92 - 09/30/92	10/15/92	10/15/92

#### WHO MUST FILE

Principal campaign committees of congressional candidates (including unopposed candidates) who seek nomination in the primary must file the above reports and notices. If the campaign has more than one authorized committee, the principal campaign committee must also file a consolidated report on Form 32.

#### 48 HOUR NOTICES ON CONTRIBUTIONS

Notices are required if the committee receives contributions (including contributions and loans from the candidate's personal funds; and endorsements or guarantees of bank loans) of \$1,000 or more, during the period of August 27 through September 12. The notices must reach the appropriate federal and state filing offices within 48 hours of the committee's receipt of the contribution(s).

#### LABEL

Affix the peel-off label from the envelope to Line 1 of the report. Corrections should be made on the label.

#### COMPLIANCE

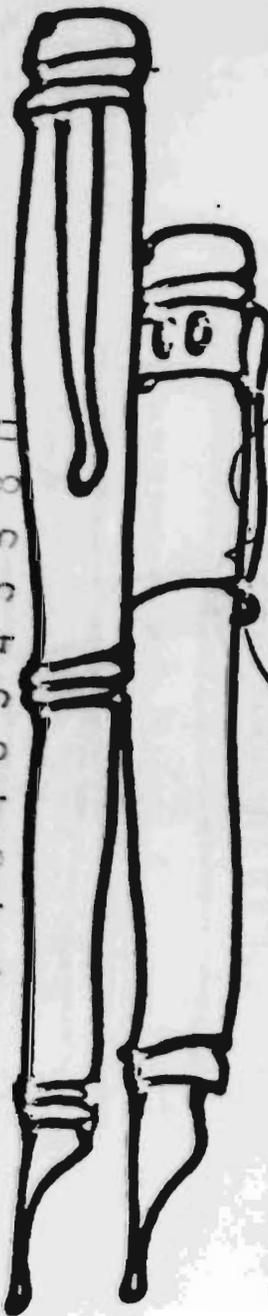
TREASURERS ARE RESPONSIBLE FOR FILING ALL REPORTS AND 48 HOUR NOTICES ON TIME. FAILURE TO DO SO IS SUBJECT TO ENFORCEMENT ACTION. COMMITTEES USING NON-FEC FORMS FOR REPORTS OR FILING ILLEGIBLE REPORTS OR NOTICES WILL BE REQUIRED TO REFILE.

\*Reports sent by registered or certified mail must be postmarked by the mailing date; otherwise, they must be received by the filing date.

\*\*The period begins with the close of the last report filed by the committee. If the committee has filed no previous reports, the period begins with the date of the committee's first activity.

FOR INFORMATION, Call: 800/424-9530 or 202/219-3420

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Page 1 of 2

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REGULAR MAIL

**Mike Kreidler**

DEC 11 1992

**Democrat • Congress**

December 11, 1992

144 096

Federal Election Commission  
Washington, D.C. 20463

Attn: Elsie Blum-Page, Reports Analyst

Re: Request for clarification  
October Quarterly Report  
Mike Kreidler for Congress Committee  
ID# C00260877

Dear Ms. Blum-Page:

I am in receipt of your correspondence dated December 1, 1992 requesting clarification of certain items on our October Quarterly Report. Since our campaign office is closed and staff reduced significantly, the post office box was only recently checked and your letters, which were forwarded to me, were received yesterday. This letter is to serve as a notification that I am in the process of checking out the items which you questioned, and to include replies to some of your questions, which are included below.

A signed copy of the 13 Day Pre-General Report was included with the 30-Day Post-General Report which was mailed 12/3/92. We have made note of the correct method of reporting reimbursements to staff and other individuals and will report all such transactions in the future as you outlined. We will also provide the complete name of all political committees that contribute to this committee on future reports.

Enclosed is a copy of the G-1 which relates to the loan from the candidate on 9/11/92 in the amount of \$30,000. This was not included with the original report in error because we felt that since the money was not loaned to the Committee, but to the candidate personally, that the form would not apply. As we discussed in our telephone conversation, we were totally unaware that a loan, particularly from the candidate himself, would count as a contribution for purposes of the 48-hour rule and therefore would have sent a notice to your office. We were very careful not sending notices when required and apologise for this oversight.

are making every effort to comply with regulations and are searching the matter of 48-hour notices and missing items on the Schedule A for the October Quarterly Report. However, since certain staff members are on vacation at this time, I will be able to provide you with clarification until they return. At the time, I will send you the information you requested.

P.O. Box 4839  
Federal Way, WA 98063  
(206) 839-7384  
FAX (206) 839-7289  
39500 Pacific Highway South  
Federal Way, WA 98003  
Paid for and authorized by Mike Kreidler for Congress Committee



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

05/09/94

MAY 10 10 21 AM '94

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FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

TWO WAY MEMORANDUM

TO: OGC, Docket  
FROM: Rosa Swinton  
Accounting Technician  
SUBJECT: Account Determination for Funds Received

We recently received a check from Mike Kreidler for Congress Committee, check number 1605, dated April 16, 1994, and in the amount of \$2,250.00. Attached is a copy of the check and any correspondence that was forwarded. Please indicate below the account into which it should be deposited, and the MUR number and name.

-----  
TO: Rosa Swinton  
Accounting Technician  
FROM: OGC, Docket Byaa

In reference to the above check in the amount of \$2,250.00, the MUR number is 3825 and in the name of Mike Kreidler for Congress Cmte.. The account into which it should be deposited is indicated below:

- Budget Clearing Account (OGC), 95F3875.16
- Civil Penalties Account, 95-1099.160
- Other: \_\_\_\_\_

Anita Alexander  
Signature

5-10-94  
Date

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1605

MIKE KREIDLER FOR CONGRESS COMMITTEE

P. O. BOX 4839  
FEDERAL WAY, WA 98063

19-10 23  
1250

*April 16 1994*

PAY  
TO THE  
ORDER OF

*Federal Election Commission*

\$ *2,250.00*

*Two thousand two hundred fifty*

DOLLARS



FEDERAL WAY BRANCH  
1438 S. 312TH STREET, P.O. BOX 3528  
FEDERAL WAY, WASHINGTON 98063-0324  
U.S. BANK OF WASHINGTON, NATIONAL ASSOCIATION

FOR

*[Signature]*

⑈001605⑈ ⑆125000105⑆ 0237 315213⑈

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COMMISSION  
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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
 )  
Mike Kreidler for Congress Committee ) MUR 3825

GENERAL COUNSEL'S REPORT

I. BACKGROUND

Attached is a conciliation agreement which has been signed by Mike Kreidler.

The attached agreement contains no changes from the agreement approved by the Commission on April 6, 1994. A check for the civil penalty has been received.

II. RECOMMENDATIONS

1. Accept the attached conciliation agreement with the Mike Kreidler for Congress Committee.
2. Close the file.
3. Approve the appropriate letter.

Lawrence M. Noble  
General Counsel

5/28/94  
Date

BY:   
Lois G. Lerner  
Associate General Counsel

Attachments

1. Conciliation Agreement
2. Photocopy of civil penalty check

Staff Assigned: Anne A. Weissenborn/Clinett Short

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Mike Kreidler for Congress ) MUR 3825  
Committee. )

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on June 1, 1994, the Commission decided by a vote of 6-0 to take the following actions in MUR 3825:

1. Accept the conciliation agreement with the Mike Kreidler for Congress Committee, as recommended in the General Counsel's Report dated May 25, 1994.
2. Close the file.
3. Approve the appropriate letter, as recommended in the General Counsel's Report dated May 25, 1994.

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

Attest:

6-1-94  
Date

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

Received in the Secretariat: Wed., May 25, 1994 3:53 P.M.  
Circulated to the Commission: Thurs., May 26, 1994 11:00 A.M.  
Deadline for vote: Wed., June 1, 1994 4:00 P.M.

mck

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FEDERAL ELECTION COMMISSION  
WASHINGTON, DC 20463

JUNE 7, 1994

The Hon. Mike Kreidler  
Mike Kreidler for Congress Committee  
P.O. Box 1496  
Washington, DC 20013

RE: MUR 3825

Dear Mr. Kreidler:

On June 1, 1994, the Federal Election Commission accepted the signed conciliation agreement and civil penalty in the amount of twenty-two hundred and fifty dollars (\$2,250.00) submitted on behalf of the Mike Kreidler for Congress Committee and Krista Bunch, as treasurer in settlement of a violation of 2 U.S.C. § 434(a)(6)(A). 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) 219-3684.

Sincerely,

Anne A. Weissenborn  
Senior Attorney

Enclosure  
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 ) MUR 3825  
Mike Kreidler for Congress Committee )  
Krista Bunch, as treasurer )

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe that the Mike Kreidler for Congress Committee and Krista Bunch, as treasurer ("Respondents"), violated 2 U.S.C. § 434(a)(6)(A).

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

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

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

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

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

1. Mike Kreidler for Congress ("the Committee") is a political committee within the meaning of 2 U.S.C. § 431(4), and

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ADMINISTRATIVE DIVISION  
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is the authorized principal campaign committee for Mike Kreidler's 1992 congressional campaign.

2. Krista Bunch is the treasurer of the Mike Kreidler for Congress Committee.

3. Myron "Mike" Kreidler ("the candidate") was a candidate for election to the United States House of Representatives in the 1992 Primary Election held September 15, 1992 in the 9th Congressional District in Washington.

4. The Federal Election Campaign Act of 1971, as amended ("the Act"), requires principal campaign committees of candidates for federal office to notify in writing either the Secretary of the Senate, the Clerk of the U.S. House of Representatives or the Commission, as appropriate, and the Secretary of State, of each contribution totaling \$1,000 or more, received by any authorized committee of the candidate after the 20th day but more than 48 hours before any election. 2 U.S.C. § 434(a)(6)(A). The Act further requires notification to be made within 48 hours after the receipt of the contribution and to include the name of the candidate and office sought, the date of receipt, the amount of the contribution, and the identification of the contributor. Id. The notification of these contributions shall be in addition to all other reporting requirements. 2 U.S.C. § 434(a)(6)(B).

5. Respondents were required to file notifications of contributions of \$1,000 or more received during the period August 27 to September 12, 1992.

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6. A loan is a contribution pursuant to 2 U.S.C. § 431(8)(A)(1).

7. A loan by a bank is considered a loan by each endorser or guarantor and is a contribution in that proportion of the unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors. 2 U.S.C. § 431(8)(B)(vii)(I).

8. Pursuant to 11 C.F.R. §§ 110.10(a) and (b)(3), a candidate may make unlimited expenditures from personal funds and may use a portion of assets jointly owned with his or her spouse as personal funds. According to 11 C.F.R. § 100.7(a)(1)(D), "a candidate may obtain a loan on which his or her spouse's signature is required when jointly owned assets are used as collateral or security for the loan. The spouse shall not be considered a contributor to the candidate's campaign if the value of the candidate's share of the property used as collateral equals or exceeds the amount of the loan which is used for the candidate's campaign."

9. On September 11, 1993, Respondents received a \$20,000 loan from Key Bank of Seattle, Washington.

a. Myron and Lela Kreidler were listed as the guarantors of the \$20,000 loan, with jointly owned bank stock worth \$36,000 having been used as collateral.

b. Lela Kreidler is the spouse of the candidate.

c. Based upon his 50% share of the \$36,000 in collateral for the loan, Mike Kreidler's contribution to the

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Committee from personal funds on September 11, 1992 totaled \$18,000.

d. Lela Kreidler provided a \$2,000 loan guarantee on September 11, 1992 to the Committee which constituted a contribution for the primary election.

10. Respondents did not submit a 48 Hour Notice for the contributions from Mike Kreidler and Lela Kreidler.

V. Respondents failed to report two campaign contributions in excess of \$1,000 received after the 20th day, but more than 48 hours before the 1992 primary election, within 48 hours of receipt of the contribution, in violation of 2 U.S.C. § 434(a)(6)(A).

VI. Respondents will pay a civil penalty to the Federal Election Commission in the amount of twenty-two hundred and fifty dollars (\$2,250.00), pursuant to 2 U.S.C. § 437g(a)(5)(A).

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

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

IX. Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and implement

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the requirement contained in this agreement and to so notify the Commission.

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

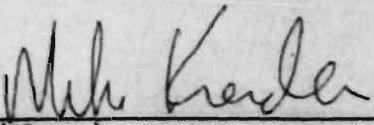
FOR THE COMMISSION:

Lawrence M. Noble  
General Counsel

BY:   
Lois G. Lerner  
Associate General Counsel

6-6-94  
Date

FOR THE RESPONDENTS:

BY:   
(Name)  
(Position)

4/21/94  
Date

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 3825

DATE FILMED 6-23-94 CAMERA NO. 3

CAMERAMAN JMK

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