



FEDERAL ELECTION COMMISSION  
WASHINGTON DC 20463

THIS IS THE BEGINNING OF MUR # 4215

DATE FILMED 3/19/98 CAMERA NO. 3

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# MICHIGAN REPUBLICANS

May 24, 1995

**BY FEDERAL EXPRESS DELIVERY**

Mr. Lawrence Noble  
General Counsel  
Federal Election Commission  
999 E Street, NW  
Washington, DC 20463

Dear Mr. Noble:

Re: In the matter of: Michigan Democratic  
State Committee and Barbara J. Rom,  
Treasurer and Democratic National  
Committee and Robert T. Matsui, Treasurer  
MUR 4215

Enclosed for filing please find the original  
and three (3) copies of the Complaint in the above-  
referenced matter. If you have any questions, please  
contact me.

Sincerely,

MICHIGAN REPUBLICAN STATE COMMITTEE

Eric E. Doster  
General Counsel

Enclosures

MAY 25 10 06 AM '95  
FEDERAL ELECTION  
COMMISSION  
OFFICE OF THE CLERK

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Orig.

BEFORE THE FEDERAL ELECTION COMMISSION

In the matter of:

Michigan Democratic State  
Committee and  
Barbara J. Rom, Treasurer

MUR 4215

and

Democratic National Committee  
and  
Robert T. Matsui, Treasurer

\_\_\_\_\_ /

COMPLAINT

NOW COMES the Michigan Republican State Committee by its Chairperson, Susy Heintz, hereinafter referred to as "MRSC" of 2121 East Grand River, Lansing, MI 48912 to file this Complaint pursuant to 2 U.S.C. 437g(a)(1) and 11 C.F.R. 111.4 against the Michigan Democratic State Committee, Barbara J. Rom, Treasurer, hereinafter referred to as "MDSC" of 606 Townsend, Lansing, Michigan 48933 and the Democratic National Committee, Robert T. Matsui, Treasurer, hereinafter referred to as "DNC" of 430 S. Capitol Street, S.E., Washington, D.C. 20003.

MRSC does hereby state the following facts:

1. MDSC is responsible for the day-to-day operation of the Democratic Party for the State of Michigan and is a State committee pursuant to 11 C.F.R. 100.14(a).
2. The committee identification number assigned by the Federal Election Commission for the MDSC is C00031054.
3. DNC is responsible for the day-to-day operation of the Democratic Party at the National level and is a National committee pursuant to 11 C.F.R. 100.13.
4. The committee identification number assigned by the Federal Election Commission for the DNC is C00010603.

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## ILLEGAL EXPENDITURES

1. Attached as Exhibit A is a DNC press release announcing an advertising campaign which will "focus" on the "Contract With America" signed by Republican candidates for the United States House of Representatives.

2. Attached as Exhibit B is the script of the Advertisements, which upon information and belief, were produced by the DNC and were aired by the MDSC on television and radio stations in the State of Michigan (the "Advertisements").

3. Attached as Exhibit C are pages 1, 3 and 4 of the October 26, 1994 edition of the White House Bulletin, a nonpartisan news service.

4. On pages 3 and 4 of the White House Bulletin, there is a discussion of the Advertisements.

5. As reported in the White House Bulletin, a Michigan Democratic official admitted that: (1) the MDSC spent at least \$180,000 to air the Advertisements in Michigan; and (2) "there is some Federal and some non-Federal" money being used to pay for the Advertisements. (Emphasis added).

6. Upon information and belief, the DNC utilized non-Federal funds to pay for the production of the Advertisements.

7. Upon information and belief, since the Michigan Campaign Finance Act does not prohibit contributions by labor organizations, the MDSC utilized contributions from labor organizations to pay for the airing of the Advertisements.

8. Upon information and belief, since the Michigan Campaign Finance Act does not place a monetary limit on contributions, the MDSC utilized contributions in excess of \$5,000 per contributor to pay for the airing of the Advertisements.

## DISCUSSION OF LAW

The MDSC and the DNC have made prohibited expenditures to influence Federal elections by focusing on the congressional candidate Contract With America, which is a clear reference to Republican congressional candidates; thus, the Advertisements are nothing more than an attempt to influence Federal elections.

An expenditure is defined under the provisions of the Federal Election Campaign Act of 1971, as amended:

". . . any purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value, made by any person for the purpose of influencing any election for Federal office;"

2 U.S.C. 431(9)(A)(i); 11 C.F.R. 100.8(a)(1). Only funds subject to the contribution limits and prohibitions under Federal law may be used as "expenditures" to finance Federal election activity. See, e.g., 11 C.F.R. 102.5. However, upon information and belief, the DNC and the MDSC have made expenditures for the Advertisements with non-Federal funds; therefore, the MDSC and the DNC have violated a number of Federal law provisions, including among others, 2 U.S.C. 441a, 2 U.S.C. 441b, 11 C.F.R. 102.5, and 11 C.F.R. 106.5.

REQUEST FOR RELIEF

Based on the foregoing, the MRSC respectfully requests that the Federal Election Commission investigate this violation and determine as a matter of law:

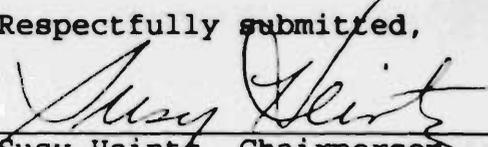
1. The expenditures made by the MDSC and DNC in connection with the Advertisements must be financed entirely with funds subject to the contribution limits and prohibitions under Federal law.
2. The expenditures made by the MDSC and DNC in connection with the Advertisements constitute a violation of a number of provisions of Federal law, including among others, 2 U.S.C. 441a, 2 U.S.C. 441b, 11 C.F.R. 102.5, and 11 C.F.R. 106.5.

Further, the MRSC respectfully requests that the Federal Election Commission institute any action necessary to enjoin the future use of the illegal advertising which is the subject of this Complaint, or advertising similar to the Advertisements.

Further the MRSC respectfully requests the Federal Election Commission to assess all appropriate penalties for said violation in accordance with 2 U.S.C. 437g(a)(5)(A), or any other enforcement provisions of the Act.

The above statements are true and accurate to the best of my knowledge, information and belief.

Respectfully submitted,

  
\_\_\_\_\_  
Susy Heintz, Chairperson  
Michigan Republican State Committee

Subscribed and sworn before me this 23rd day of May, 1995.

  
\_\_\_\_\_  
Eric E. Doster, Notary Public  
Ingham County, Michigan  
My commission expires: July 15, 1998

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**EXHIBIT A**

# DEMOCRATIC

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# News

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Democratic National Committee

FOR IMMEDIATE RELEASE  
October 12, 1994

CONTACT: Jim Whitney  
(202) 479-5118

## DNC ANNOUNCES TWO MILLION DOLLAR FALL MEDIA CAMPAIGN

(WASHINGTON) -- Democratic National Committee Chairman David Wilhelm today announced a \$2 million advertising campaign aimed at drawing a sharp contrast between a Democratic Party working to move the nation forward and a Republican Party seeking to take the country back to the 1980s.

Unveiling new ads that focus on the Republicans' "Contract With America," Wilhelm said, "the Republican agenda is clear: slash Medicare, increase defense spending, explode the deficit and cut taxes for the rich."

"The GOP wants a return to trickle down economics where the rich get tax cuts, seniors get their retirement and health benefits slashed and middle class families get squashed," Wilhelm continued.

Poking holes in the Republicans' arithmetic, Wilhelm said, "No one should be fooled by Republican talk of balanced budgets. What they're talking about is nothing short of bankrupting the country."

The non-partisan Congressional Budget Office estimates that it would require \$750 billion in savings over the next five years to balance the budget. The Republican "contract" adds more than \$250 billion in spending increases and tax cuts, bringing to \$1 trillion the total savings required to eliminate the deficit. Yet, the Republican agenda offers only \$218 billion in "possible" cuts, leaving them \$800 billion short of making good on their promise.

"This 'contract' reminds people across the country why they voted Republicans out of the White House in 1992. And it is more evidence that the Republicans stand with the privileged few at the expense of middle class families," Wilhelm said. "Seniors, veterans, students and farmers will all take hits under the Republican 'contract.'"

Explaining the decision to launch the media campaign, Wilhelm said, "We're airing these ads because the American people should know that the Republicans are proposing a return to the failed policies of the past. The American people should know the Republicans are proposing a return to Reaganomics."

- more -



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economists, independent analysts and budget experts state that the Republican "contract" would require cuts in everything from Social Security to Head Start in order to balance the budget. A House Budget Committee analysis shows that the average senior citizen in the country would see their annual Social Security checks cut by \$1,953 and their Medicare slashed by \$1,739 a year.

"We've seen this movie before. The main actor is gone, but the plot remains," continued Wilhelm, referring to the deep cuts in Medicare and Social Security and tax cuts for the rich outlined in the Republicans' contract.

Emphasizing that voters have a clear choice in this year's midterm elections, Wilhelm said, "we can keep moving forward, putting our economic house in order, making a college education more accessible and affordable and making our streets safer or we can go back to tax cuts for the wealthy, soaring deficits and the increased defense spending that characterized the 1980s."

Wilhelm explained that the "contract" had helped to frame the contrast between the two political parties and stressed that Republican candidates around the country would be held accountable for signing on with the Republican leadership in Congress.

Wilhelm singled out a number of Democratic House candidates who are aggressively and effectively using their Republican opponents' support for the "contract" as a campaign issue and noted Republican Senate candidates Rick Santorum and Mitt Romney were attempting to distance themselves from the Republican agenda.

"In Maine (01), Republican House candidate James Longley complained, after signing the 'contract,' that the numbers don't add up. In North Carolina (05), Republican House candidate Richard Burr said he picked up \$55,000 in exchange for signing the 'contract.' In North Dakota (AL), House challenger Gary Porter's support for the contract -- and the cuts in agriculture programs that come with it -- has triggered blistering radio ads from Democratic Rep. Earl Pomeroy," Wilhelm continued.

Moving to the Senate, Wilhelm said, "Rick Santorum is on the defensive for promising the Republican leaders he would support Medicare cuts and deficit increases devastating to the people of Pennsylvania and Mitt Romney can't get far enough away from the Republican leadership in Congress."

The ads are intended to supplement the Party's coordinated campaign efforts and will air in about ten states beginning this Friday. Additionally, the ads are being made available to Democratic candidates and state parties across the country.

## EXHIBIT B

### Democratic "Contract With America" Advertisements

The following is the script to "Go Back 2"

"Republican candidates from all across America just flew to Washington to sign a contract with the Republican leaders of Congress.

What did they commit to?...Huge tax cuts for the wealthy, billions in defense increases, a trillion dollars in promises.

How will they make up the spending gap?...Explode the deficit again, make devastating cuts in Medicare.

They call it a contract to return to the Reagan years, "Trickle Down Economics", deficits out of control.

Why would we go back now?"

The following is the text from "Deal":

"The Republicans just met in Washington to sign a contract for America's future. But it's really an echo of the failed past. Huge tax cuts for the wealthy, Billions in Defense increases, and gigantic new job killing deficits. And buried in the fine print is the rest of the deal:

Deep cuts in Medicare, Education, and Veterans benefits.

The Republicans, ....They fooled us once, and we'll be paying the bills for generations. Why would we go back to that?"

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**EXHIBIT C**

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MEMORANDUM FOR MALEY BARBOUR  
REPUBLICAN NATIONAL COMMITTEE  
CHAIRMAN

SUBJECT: TODAY'S BRIEFING

DATE: WEDNESDAY, OCTOBER 26, 1994

SINCE THE MORNING PAPERS:

- o Bosnian government forces captured a strategic Serb military base in northwest Bosnia, UN and Bosnian officials said today. The government said its forces were continuing their advance, capturing several Serb-held villages. UN military officers say the strategy is to tax the Serbs at a time when fuel supplies are believed to be depleted because of a cutoff of supplies from Serbia. Meanwhile, UN peacekeepers continued efforts to remove several hundred Bosnian government troops from a demilitarized zone overlooking Sarajevo.
- o Economic News:
  - Orders for durable goods climbed 0.1 percent in September, the Commerce Department reported today. The department said increases in shipbuilding and tanks offset declines in the manufacture of autos and planes.
  - The US Chamber of Commerce's business confidence index rose 8.8 points in October, the Chamber reported today. It was the highest level in 18 months as the outlook for economic growth, sales and employment all rose. The bi-monthly index is based on a survey taken by *Nation's Business* magazine.
  - Ford Motor Company announced profits of \$1.1 billion for the third quarter, reporting today total revenue of \$30.6 billion.

IN THE WHITE HOUSE AND AROUND TOWN:

- o Israel and Jordan sign peace treaty; Clinton says peace is "no longer a mirage." Israel and Jordan officially ended a 46-year state of war today as Prime Minister Yitzhak Rabin and Jordanian Peace Minister Aqil Saleh signed a peace treaty before 5,000 guests in an elaborate ceremony on the border between the two countries. After adding his signature to the treaty as well, President Clinton said "Peace between Jordan and Israel is no longer a mirage." Clinton praised the two sides but went on to admonish them: "I say to the people of Israel and Jordan: Now you must make this peace real: to turn no man's land into every man's home, to take down the barbed wire, to remove the deadly mines, to help the wounds of war to heal. Open your borders, open your hearts." In their remarks, both Rabin and Jordan's King Hussein praised Clinton for his role in brokering the peace. Hussein told Clinton, "You have been our partner. You have been our friend. You have given us your support, together with the Administration of the United States of America. You were at the helm during this historic moment."  
PLO Chairman Yasser Arafat was not invited to the ceremony, although Israeli Foreign Minister Shimon Peres said Israel would have liked him to attend. Arafat had said he did not want to come, and Peres told Israeli radio, "You don't invite somebody if you know you will be turned over." The PLO chairman opposes the treaty because it fails to recognize a Palestinian role in East Jerusalem. In the occupied West Bank, Arafat's lieutenants enforced a general strike to protest the treaty. Supporters of

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ultimately, consumers because you have a broad base of different types of taxes. We think the memo basically displays the "tax sentiment of the Clinton Administration," adding "The Administration truly wants to take credit for economic growth in this country, they should propose tax cuts to help or keep the economy growing, as opposed to increasing the tax burden, which we think would be harmful to the economy." Regarding the President's public reaction to the memo, the spokesperson said, "We're glad that he's distancing himself from it, but we hope it's not a political ploy during this election season. It's obvious to us through the 1993 tax hike, which impacted small businesses...that this is an Administration that looks to tax hikes first instead of spending cuts first. A lot of people say things during election year rhetoric, but here we clearly have something in writing from an Administration official."

- o **Harkin's chances for USDA might be aided by an O'Leary departure.** With word continuing to come out of the White House and the Department of Energy that Secretary Haze O'Leary may depart the Clinton Administration sometime after November's elections -- with DOD Deputy Secretary John Deutch a potential replacement -- White House officials are said to already be discussing the need to put another woman in the Cabinet. And this talk is said to be centering on the possibility of placing Ruth Hanftun in the soon-to-be-vacant job of Agriculture Secretary. Harkin is currently serving as president of the Overseas Private Investment Corporation.
- o **Clinton Administration pushing energy efficiency in development of National Energy Policy Plan.** President Clinton's trip to the Middle East has not been characterized by policy discussions of US dependence on oil imports from the region. The Administration is reporting through the Energy Information Administration, however, that US dependence on imported oil from all foreign sources will rise from 50 percent to 60 percent by the year 2010, due to declining domestic production and increasing demand, especially for transportation fuel. A Department of Energy official told the *Business* this morning that the Administration has several task forces working to provide guidance for a National Energy Policy Plan that will be out in the middle of 1995. Among the issues that the task forces are addressing include: climate change, alternative fuels, roles and missions of national laboratories, transportation, and strategic research and development. "We don't see one specific problem, we see a broad range of issues that we will attempt to address." With reference to the state of the domestic oil and gas industry the official said, "They have been in decline for the last 10 years. ... It's been a combination of relatively low prices and a mature production base in this country that has hurt the industry. We are trying with technology to do what we can to enhance this industry's competitiveness vis a vis imports. That's high on our radar screens." As for changing domestic energy consumption patterns, the official said, "We have been pressing very hard on technology and energy efficiency in our research and development effort. ... Energy efficiency will continue to increase in the economy. The Energy Information Administration's current projections show that despite a bit of leveling off from the energy use-to-GDP ratio...the decline in that ratio is likely to once again show up in the next 10 to 15 years." The official added that while use of renewable energy sources is projected to rise from a very small base, "in 10 to 15 years they aren't going to back out significant amounts of fossil fuels. But we have been very aggressive in promoting rapid commercialization and cost reductions in technologies." The Energy Department will soon conclude a series of eight public meetings on the energy plan with events in Chicago devoted to urban energy and coal issues and, in New Orleans, events tied to the domestic oil and gas industry.

- o **Republicans challenge DNC national television buy.** On October 12, Democratic National Committee Chairman David Whittem announced a \$2 million advertising campaign. The DNC press release said the ads "focus" on the "Contract With America" signed by Republican candidates for the US House. And the press release concluded by stating: "The ads are intended to supplement the Party's coordinated campaign efforts and will air in about ten states beginning this Friday. Additionally, the ads are being made available to Democratic candidates and state parties across the country."

Republicans are concerned about two issues. One, they claim the DNC was deceptive in their announcement when they indicated the DNC was actually picking up the bill for the \$2 million campaign, when, in fact it appears the DNC only provided the ads to state parties and Democratic candidates for

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their optional use. Two, say Republicans, the Democrats may have violated Federal election laws by using non-Federal campaign funds for what the GOP claims were clearly Federal campaign advertisements. "By focusing on the Contract With America, which is clearly the work of Republicans running for the US House, the ads are directed toward the Federal elections," said one GOP source. "They can use non-Federal funds for such generic ads as 'Vote Democrat,' where they can plausibly claim the ads are also geared to help state and local candidates, but these ads are far too specific and clearly are directed at the Federal candidates."

When asked if the DNC paid for the \$2 million buy, a DNC official told the Bulletin this morning: "Actually, the state parties are ultimately paying for this. They are actually placing the buys." The DNC official said "we are not placing the buys" but added the DNC helped pay for the cost of producing the commercials. A Michigan Democratic official confirmed this, saying the state party picked up the \$180,000 cost of running the ads in Michigan. As for whether the money used to air the ads is coming out of funds earmarked for Federal campaigns - US Senate and US House - the DNC official said: "It is a split, there is some Federal and some non-Federal money being used to pay for the ads."

o Political Notes: DNC To Focus On Getting Out the Vote in African-American Community. When asked this morning what the Democratic National Committee plans to do in the last two weeks of the campaign, a DNC official responded. "We will be working to mobilize and energize our base and target some efforts to the African-American community." The official added: "We won't do any national advertising; we will do some radio in the African-American community in different states around the country." ~~##~~ New Senate Poll Numbers. In the Vermont race, incumbent GOP Sen. Jim Jeffords has 45% and Democratic challenger Jan Backus has 38%, according to a new poll of likely voters conducted Oct. 18-20 by Political/Media Research. In Nevada, incumbent Democratic Sen. Dick Bryan leads Republican challenger Hal Furman, 55% to 31%, among likely voters surveyed Oct. 16-18 by Political/Media Research.

o "Gridlock votes" counted. A bipartisan, privately funded group called Action, Not Gridlock! released today a ranking of the 103rd Congress' senators, according to their votes on ending the Senate's many filibusters during the last two years. The group said the lawmakers who voted 100 percent of the time to end filibusters were Democratic Sens. Tom Daschle, Christopher Dodd, John Glenn, Herb Kohl, Frank Lautenberg, Barbara Mikulski, Claiborne Pell and Charles Robb, while at the other end of the scale, Republican Sens. Jesse Helms, Malcolm Wallop and Al Simpson voted for only 5 percent of cloture motions. The organization - which includes former Democratic Sens. William Proxmire, Dick Clark, Mike Mansfield, Terry Sanford and Floyd Ruskell, as well as former GOP Sens. Barry Goldwater, Charles McC. Mathias, Edward Brooke, and Gilbert Gude - doesn't call for a specific plan of action, however, 67 votes are required to change the Senate rules and reduce the 60 votes now required to end a filibuster. In a letter to senators and Senate candidates, the group said, "There were more filibusters last year alone than in the first 100 years of the Senate combined. As recently as the 1960s, the Senate averaged only two filibusters a year - a sharp contrast to the 15 a year in the 1990s."

o Talbot concludes Africa tour, sees little hope for peace in Liberia. Deputy Secretary of State Strobel Talbot today ended a tour of Africa offering little hope of an end to Liberia's civil war. Before departing the Ivory Coast at the end of his seven-nation tour of Africa, Talbot said Liberia was one blot in a region which had made progress toward economic and political reform. Talbot said he shared neighboring Ivory Coast's concern about the spillover of bloodshed, but did not mention any US effort to help. The theme of his tour has been that Africa must learn to help itself.

**THE ROAD AHEAD:**

This morning, the Bulletin invites Stuart Rothenberg, publisher of the Rothenberg Political Report, to discuss the impact of the Republicans' Contract With America on the 1994 elections.

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

June 1, 1995

Eric E. Doster, General Counsel  
Michigan Republican State Committee  
2121 East Grand River,  
Lansing, MI 48912

RE: MUR 4215

Dear Mr. Doster:

This letter acknowledges receipt on May 25, 1995, of the complaint you filed on behalf of Michigan Republican State Committee alleging possible violations of the Federal Election Campaign Act of 1971, as amended ("the Act"). The respondent(s) will be notified of this complaint within five days.

Your letter seeks injunctive relief to prevent the Democratic National Committee and the Michigan Democratic State Committee from continuing to engage in the allegedly improper activity. 2 U.S.C. § 437g(a)(6) provides that the Commission may seek such relief at the end of the administrative enforcement process. Accordingly, the Commission will not grant your request for injunctive relief at this time.

You will be notified as soon as the Federal Election Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to the Office of the General Counsel. Such information must be sworn to in the same manner as the original complaint. We have numbered this matter MUR 4215. Please refer to this number in all future communications. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

*Mary L. Taksar*

Mary L. Taksar, Attorney  
Central Enforcement Docket

Enclosure  
Procedures

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FEDERAL ELECTION COMMISSION

WASHINGTON DC 20463

June 1, 1995

Barbara J. Rom, Treasurer  
Michigan Democratic State Committee  
606 Townsend,  
Lansing, MI 48933

RE: MUR 4215

Dear Ms. Rom:

The Federal Election Commission received a complaint which indicates that the Michigan Democratic State Committee ("Committee") and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4215. Please refer to this number in all future correspondence.

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

The complainant seeks injunctive relief to prevent the Michigan Democratic State Committee and the Democratic National Committee from continuing to engage in the allegedly improper activity. 2 U.S.C. § 437g(a)(6) provides that the Commission may seek such relief at the end of the administrative enforcement process. Accordingly, the Commission will not grant the complainant's request for injunctive relief at this time. The Commission will proceed with the processing of the remainder of the complaint pursuant to 2 U.S.C. § 437g(a).

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

If you have any questions, please contact me at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,

*Mary L. Taksar*

Mary L. Taksar, Attorney  
Central Enforcement Docket

Enclosures

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

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 1, 1995

Robert T. Matsui, Treasurer  
Democratic National Committee  
430 South Capitol Street, S.E.  
Washington, D.C. 20003

RE: MUR 4215

Dear Mr. Matsui:

The Federal Election Commission received a complaint which indicates that the Democratic National Committee ("Committee") and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4215. Please refer to this number in all future correspondence.

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

The complainant seeks injunctive relief to prevent the Democratic National Committee and the Michigan Democratic State Committee from continuing to engage in the allegedly improper activity. 2 U.S.C. § 437g(a)(6) provides that the Commission may seek such relief at the end of the administrative enforcement process. Accordingly, the Commission will not grant the complainant's request for injunctive relief at this time. The Commission will proceed with the processing of the remainder of the complaint pursuant to 2 U.S.C. § 437g(a).

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

If you have any questions, please contact me at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,

*Mary L. Taksar*

Mary L. Taksar, Attorney  
Central Enforcement Docket

**Enclosures**

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

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**DEMOCRATIC ★ NATIONAL ★ COMMITTEE**

Donald L. Fowler  
National Chair

Christopher J. Dodd  
General Chair

June 8, 1995

Mary Taksar, Esq.  
Central Enforcement Docket  
Office of the General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

Re: MUR 4215

JUN 9 12 13 PM '95  
FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL COUNSEL

Dear Ms. Taksar:

Enclosed is a Statement of Designation of Counsel authorizing the undersigned to represent the Democratic National Committee and Robert T. Matsui, Treasurer, in the above-referenced MUR.

This complaint was received on June 5, 1995. We respectfully request an extension of ten (10) days in which to file our submission demonstrating that no action should be taken against respondents DNC and Matsui in this MUR. We anticipate that preparing this submission will require, among other things, compilation of materials relating to the previous election cycle and locating and gathering information from individuals no longer associated with the DNC. It is expected that this work will necessarily require an additional ten (10) days beyond the normal 15-day reply time.

If this extension request is granted, our response would be due on Friday, June 30, 1995.

Thank you for your time and attention to this request.

Sincerely yours,

*Joseph E. Sandler*  
Joseph E. Sandler  
General Counsel

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STATEMENT OF DESIGNATION OF COUNSEL

MUR 4215

**NAME OF COUNSEL:** Joseph E. Sandler, General Counsel;  
Neil P. Reiff, Deputy General Counsel

**ADDRESS:** Democratic National Committee

430 South Capitol Street, SE

Washington, DC 20003

**TELEPHONE:** (203) 863-7110

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.

June 7, 1995  
Date

Robert T. Matsui  
Signature

**RESPONDENT'S NAME:** Robert T. Matsui, Treasurer

**ADDRESS:** Democratic National Committee

430 South Capitol Street, SE

Washington, DC 20003

**HOME PHONE:** \_\_\_\_\_

**BUSINESS PHONE:** 202-863-8000

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

June 14, 1995

Joseph E. Sandler, General Counsel  
Democratic National Committee  
430 South Capitol Street, S.E.  
Washington, D.C. 20003

RE: MUR 4215  
Robert T. Matsui, Treasurer  
Democratic National Committee

Dear Mr. Sandler:

This is in response to your letter dated June 8, 1995, requesting an extension until June 30, 1995 to respond to the complaint filed in the above-noted matter. 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 June 30, 1995.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Alva E. Smith".

Alva E. Smith, Paralegal  
Central Enforcement Docket .

98043064421



Michigan Democratic Party

MICHIGAN DEMOCRATIC STATE CENTRAL COMMITTEE • 606 TOWNSEND LANSING, MI 48933  
517/371-5410 • FAX 517/371-2056

Chairman  
Mark Brewer

Vice Chairs  
Flo Walker  
Hubert Holley

Recording Secretary  
Mary Bethany

Corresponding  
Secretary  
Nancy White

Treasurer  
Barbara Rom

DNC  
Committeemembers

Mary Bethany  
Bill Casstevens  
Debbie Dingell  
Jon Droptewski  
Joel Ferguson  
Frank Garrison  
Vicki Goldbaum  
Ernie Lofton  
Kim Moran  
Hubert Price  
Virgie Rollins  
Mildred Stallings  
Rick Wiener  
Beverly Wolkow  
Stephen Yokich  
Coleman Young

Officers-At-Large

Ismael Ahmed  
Dan Bennett  
Maxine Berman  
Sharon Boenmarito  
Velma Bouchard  
Sue Carini  
John Cherry  
Gloria Cobbin  
Mike Duggan  
Robert Ficano  
Dorothy Gonzales  
Freman Hendrix  
Hugh Jarvis  
Kathleen Johnston-Calati  
John Knappmann  
Margaret Lochmann  
Eddie McDonald, Jr.  
Tim Nichols  
William Polakowski  
Harless Scott  
Paul Seldenright  
James Shimoura  
Beverly Wolkow  
Rosemary Wolock

June 9, 1995

Mary Taksar, Esq.  
Central Enforcement Docket  
Office of General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

Re: MUR 4215

Dear Ms. Taksar:

The Michigan Democratic Party received your letter and the accompanying complaint in the above-referenced matter on June 5, 1995.

Since the events in the complaint took place, the Michigan Democratic Party has elected a new chairman and there has been turnover in the staff. Researching and preparing a response to this complaint will require us to locate and interview individuals no longer working for the State Party, and to search for relevant documents in files with which the current staff may not be familiar.

For this reason, we would respectfully request an extension of ten (10) days in which to file our submission demonstrating that no action should be taken against the State Party in this matter. Our submission would then be due on June 30, 1995.

Please let us know if this extension request is granted by calling or writing to the Party Chairman, Mark Brewer, at the phone number or address on this letterhead. Thank you for your time and attention to this request.

Sincerely yours,

Barbara Rom  
Treasurer

JUN 13 11 34 AM '95

FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20461

June 14, 1995

Barbara Rom, Treasurer  
Michigan Democratic State Central Committee  
606 Townsend  
Lansing, MI 48933

RE: MUR 4215

Dear Ms. Rom:

This is in response to your letter dated June 9, 1995, requesting an extension until June 30, 1995 to respond to the complaint filed in the above-noted matter. 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 June 30, 1995.

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

Sincerely,

A handwritten signature in cursive script that reads "Alva E. Smith".

Alva E. Smith, Paralegal  
Central Enforcement Docket

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Michigan Democratic Party

MICHIGAN DEMOCRATIC STATE CENTRAL COMMITTEE • 606 TOWNSEND LANSING, MI 48933  
517/371-5410 • FAX 517/371-2056

Chairman  
Mark Brewer

Vice Chairs  
Flo Walker  
Hubert Holley

Recording Secretary  
Mary Bethany

Corresponding  
Secretary  
Nancy White

Treasurer  
Barbara Rom

DNC  
Committeemembers

Mary Bethany  
Bill Casstevens  
Debbie Dingell  
Jon Drotiewski  
Joel Ferguson  
Frank Garrison  
Vicki Goldbaum  
Ernie Lofton  
Kim Moran  
Hubert Price  
Virgie Rollins  
Mildred Stallings  
Rick Wiener  
Beverly Wolkow  
Stephen Yokich  
Coleman Young

Officers-At-Large  
Ismael Ahmed  
Dan Bennett  
Maxine Berman  
Sharon Bommarito  
Velma Bouchard  
Sue Carini  
John Cherry  
Gloria Cobbin  
Mike Duggan  
Robert Ficano  
Dorothy Gonzales  
Freman Hendrix  
Hugh Jarvis  
Kathleen Johnston-Calati  
John Knappmann  
Margaret Lochmann  
Eddie McDonald, Jr.  
Tim Nichols  
William Polakowski  
Harless Scott  
Paul Seldenright  
James Shimoura  
Beverly Wolkow  
Rosemary Wolock

June 30, 1995

Office of the General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

Attention: Mary Taksar, Esq.

Re: MUR 4215

Dear Ms. Taksar:

Enclosed is the factual and legal submission of respondent Michigan Democratic State Central Committee in this matter, demonstrating that no action should be taken against the Michigan Democratic State Central Committee or Barbara Rom as treasurer.

Sincerely yours,

Mark Brewer  
Chairman

JUN 30 4 49 PM '95

FEDERAL ELECTION  
COMMISSION  
OFFICE OF LEGAL  
COUNSEL

4240044009

BEFORE THE  
FEDERAL ELECTION COMMISSION

In the matter of:

Michigan Democratic State )  
Committee and ) MUR 4215  
Barbara J. Rom, Treasurer )

RESPONSE TO COMPLAINT

This memorandum is submitted by the Michigan Democratic State Central Committee ("Michigan Democratic Party" or "MDP") in response to the complaint filed in this MUR. The subject of the complaint is a television advertisement which was run by MDP in Michigan during the 1994 general election campaign. The advertisement used the Republican Party's positions on various issues, as reflected in the Republican "Contract with America", to criticize the Republican Party.

Contrary to the allegations in the complaint, the advertisement did not mention or refer to any candidate or office. Further, the contents and concept of the "Contract with America" were used not only by Republican candidates for Congress, but by Republican candidates for state and local office throughout the nation. The advertisement thus clearly met the definition of a "generic voter drive activity" in the Commission's regulations. MDP allocated the costs of this activity according to the ballot composition method, as prescribed in the Commission's regulations.

MDP thus fully complied with the Commission's regulations in paying for this advertising. Therefore the Commission should find no reason to believe that the MDP has violated the Federal Election Campaign Act of 1971 as amended (the "Act") or the Commission's regulations, and should dismiss the complaint.

FACTUAL BACKGROUND

In mid-October 1994, the Democratic National Committee ("DNC") produced a series of generic television advertisements for use by state Democratic parties in connection with the 1994 general election campaign. (See Complaint, Exhibit 1). The Michigan Democratic Party, after reviewing the advertisements, decided to run one of these television advertisements, entitled "Deal." (See Declaration of Barbara Abar, submitted with this memorandum). The text and a description of the advertisement are attached to the Abar Declaration. The advertisement was broadcast during approximately the last week of October and first week of November, 1994, up until Election Day, in the Detroit, Flint, Lansing and Traverse City media markets in Michigan. (Abar Declaration,

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paragraph 3).

The DNC transferred to the Michigan Democratic Party sufficient funds to pay the costs of purchasing television time to run the "Deal" advertisement. On October 14, 1994, MDP made a wire transfer, from its federal account, to Grunwald, Eskew & Donilon ("Grunwald") in Washington, D.C., the media firm which produced the advertising and was retained to purchase the television time, in the amount of \$163,500. (See MDP FEC Pre-General Election Report, Schedule H4, page 17, attached as Exhibit 1 hereto). This expense was allocated 25% to MDP's federal account and 75% to its non-federal account.<sup>1</sup>

On November 1, 1994, MDP made two wire transfers to Grunwald totalling \$170,903. See wire transfer records attached as Exhibit 2 hereto. On November 2, 1994, MDP made two wire transfers to Grunwald totalling \$184,413. The total amount transferred from MDP's federal account through these transfers was \$78,170. The total amount transferred from the non-federal account was \$277,146. Therefore, these payments were allocated 22% federal, 78% non-federal<sup>2</sup>. It should be noted that due to a bookkeeping error, the transfers from the federal account were then inadvertently treated as allocable expenses and a further allocation was made. The additional allocation totalled \$58,627.50. (See MDP FEC Post-Election Report, Schedule H4, page 14, attached as Exhibit 3 hereto).<sup>3</sup> Due to the use of a ballot composition ratio which called for allocation of expenses of 25%, rather than 22%, from MDP's federal account, we have determined that MDP spent \$83,525.41

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<sup>1</sup> During the 1993-94 election cycle, MDP mistakenly believed that its ballot composition ratio for generic and administrative expenses was 25% federal, 75% non-federal. In fact, the proper ratio was 22% federal, 78% non-federal. This error was due to the fact that the state party did not realize that in calculating the ratio, it was supposed to include in the non-federal points a "generic" non-federal point.

<sup>2</sup> MDP acknowledges that it should not have made separate wire transfers from its federal and non-federal accounts but rather should have made one transfer from its federal account and then transferred the non-federal share (78%) from its non-federal to its federal account. This was an isolated occurrence and does not reflect the regular allocation procedures of MDP. In any event, this is the only expense that the state party allocated on a 22% federal, 78% non-federal ratio; all other administrative and generic voter drive expenses during the 1993-94 cycle were allocated 25% federal, 75% non-federal.

<sup>3</sup> MDP intends to amend its post-election report to show the full amounts of the transfers as allocable expenditures. Therefore, the page shown as Exhibit 2 hereto will be amended.

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more from its federal account than it was required to spend during the 1993-94 election cycle. This was more than enough to offset the over-use of non-federal funds resulting from the duplicate allocation of the November 1 and 2, 1994 payments to Grunwald.<sup>4</sup>

The net effect of these transactions is summarized in the chart below:

	Federal	Non-Federal	Total
10/14/94	\$40,875.00	\$122,625.00	\$163,500.00
11/01/94	66,964.00	103,939.00	170,903.00
11/02/94	11,206.00	173,207.00	184,413.00
	\$119,045.00	\$399,771.00	\$518,816.00
	23%	77%	100%

Thus, the net effect of these transactions was that the total MDP payments made directly to Grunwald to run the advertising were allocated 23% to MDP's federal account and 77% to its non-federal account--a slightly higher ratio of federal to non-federal money than the 22% federal/78% non-federal ratio prescribed by the ballot composition method.

#### DISCUSSION

The complaint alleges that MDP made "prohibited expenditures" by using non-federal money for advertising "focusing on the congressional candidate Contract with America; which is a clear reference to Republican congressional candidates." (Complaint, p. 2). In fact, MDP allocated the costs of the television time between its federal and non-federal accounts based on the ballot composition method pursuant to 11 C.F.R. § 106.5(d)(1), which requires state party committees to allocate "their administrative expenses and costs of generic voter drives" in accordance with that method. The regulations define "generic voter drives" to include--

any . . . activities that urge the general public to register, vote or support candidates of a particular party or associated with a particular issue, without mentioning a specific candidate.

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<sup>4</sup> MDP intends to submit a request for an advisory opinion which will permit it transfer the remaining unallocated amount from its non-federal account to its federal account to correct for the over-use of federally-permissible funds during this cycle.

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11 C.F.R. § 106.5(a)(2)(iv).

Running the television advertisement "Deal" was clearly a "generic voter drive" activity within the meaning of 11 C.F.R. § 106.5(a)(2)(iv). As a review of the text of the advertisement indicates, the advertisement was an effort to urge the general public to vote for Democrats and against Republicans, based on the Republican position on various issues including tax cuts, Medicare, education, veterans benefits and defense increases. The advertisement did not mention any specific candidate or, for that matter, any particular office. It did not mention or refer to the Congress or to candidates or elections for Congress. It referred only to "the Republicans" and concluded by criticizing the Republican party generally: "The Republicans. They fooled us once. . . . Why would we go back to that?"

To be sure, the advertisement at the outset briefly pictures and refers to, an event held in Washington on September 27, 1994, at which a number of Republican candidates for Congress assembled and literally signed a version of the "Contract with America."<sup>5</sup> This reference, however, clearly does not change the classification of this advertising, for purposes of the allocation regulations, as a "generic voter drive" activity.

First, a central purpose of the allocation regulations was to supplant case-by-case determinations of how to allocate various activities between federal and non-federal funds with specific rules that would apply in all cases to certain defined categories of activity. As the Commission explained in promulgating the allocation regulations, the regulations "specify explicit percentages or methods for allocation of each category of allocable expense by each type of committee covered by the rules." Explanation and Justification, Methods of Allocation Between Federal and Non-Federal Accounts, 55 Fed. Reg. 26058 at 26059 (June 26, 1990). The Commission emphasized that

The revised regulations also eliminate the option of case-by-case approval of customized allocation methods through the advisory opinion process, as well as the option of allowing committees to rebut fixed allocation percentages by a showing of individual circumstances. These decisions were based on the Commission's concern that such open-ended options would be very difficult to administer, and would potentially allow many exceptions

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<sup>5</sup> The advertisement pictures a large number of Republican candidates for Congress, as a group, for a few seconds at the beginning and again at the end of the advertisement. No particular candidate for Congress would be recognizable to the ordinary viewer, however, due to the large size of the group and the very short period of time during which it is pictured.

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to the general rules.

Id. at 26062.

In this case, the Commission's definition of the "generic voter drive" activity category explicitly covers the advertisement in question. There is no other way to categorize it; in particular, by no stretch of the imagination could this advertisement possibly be categorized as being on behalf of any "clearly identified federal candidate" under 11 C.F.R. § 106.1(a). The Commission's regulations specify exactly how to allocate the costs of such activity. To require, or even allow, state party committees to revisit allocation decisions "case by case" based on the "individual circumstances" of each activity is precisely the approach rejected by the Commission in adopting the allocation regulations.

Second, even if the advertisement were subject to an analysis based on content, it should still be considered a "generic voter drive" activity. Unlike the advertisement analyzed in Advisory Opinion 1985-14, for example, this advertisement does not mention Congress, Republicans in Congress or Republican candidates for Congress. Further, the manifest intent and effect of this advertisement was to identify Republicans running for office at all levels with positions on certain issues which were being addressed by candidates in state and local races as well as federal races. The fundamental debate over tax cuts combined with cuts in social programs was one that took place in elections for governor, state legislative seats and municipal and county offices across the country.

Indeed, for precisely that reason, the Republicans themselves launched a massive program to use the contents and concept of the "Contract with America" to influence state and local races across the nation. In announcing the "Contract with America" at the September 27, 1994 Washington, D.C. event, then-Minority Whip Newt Gingrich stated that:

Washington's not enough, you can't solve the problems just in Washington. . . . We now have over half the states in the country; by next Tuesday we'll have a state-level contract; in over 50 major counties the following Tuesday, there will be a local government contract, as the concept of reaching out and having a contract with the American people extends beyond just Washington.

(Transcript of Contract with America event, attached as Exhibit 4). According to press reports, the RNC was then given the task of coordinating events to be held on October 4, 1994 in state capitals around the country. (See Roll Call article attached as Exhibit 5). According to an article in the National Journal, the RNC was

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working on events "similar to" the September 27 "Contract with America" event "around the nation on Oct. 4 and Oct. 11, at which state and county candidates will make pledges for action, based on a combination of party doctrine and local interests." (Exhibit 6). Additional press reports indicate that candidates for state and local office in a number of states did hold such events to sign or endorse "contracts" with their respective states, emphasizing the very issues in the "Contract with America" that were attacked in the MDP "deal" advertisement--namely, tax cuts and cuts in social programs. See press reports of state events attached as Exhibit 7.

In short, the positions and concept of the "Contract with America" were used by GOP state and local candidates, as well as federal candidates, across the nation. The "Deal" television advertisement run by MDP identified "the Republicans" with those positions and attacked them in order to persuade voters to vote against the "Republicans" at all levels, federal, state and local. The advertisement, therefore, was clearly a "generic voter drive activity" and in allocating the costs of running the advertisement in accordance with the ballot composition formula, the MDP fully complied with the Commission's regulations.

#### CONCLUSION

For these reasons, the Commission should find no reason to believe that the Michigan Democratic Party has violated the Act or the Commission regulations, and should dismiss the complaint.

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PAGE 17	OF 20
FOR LINE 21a	

NAME OF COMMITTEE  
 Michigan Democratic State Central Committee

A FULL NAME, MAILING ADDRESS & ZIP CODE	PURPOSE/EVENT	DATE	TOTAL AMOUNT	FEDERAL SHARE	NON-FEDERAL SHARE
Grunewald, Eskew & Dillon 2475 M St. N.W. Washington, D.C. 20037	media buy - generic advert.	10/14/94	163500.00	40875.00	122,625.00
CATEGORY <input checked="" type="checkbox"/> ADMINISTRATIVE/VOTER DRIVE    FUNDRAISING <input type="checkbox"/> EXEMPT EVENT YEAR-TO-DATE \$1,013,009.92    DIRECT CANDIDATE SUPPORT					
Depository Bank Capitol National Bank 200 N. Washington Sq. Lansing, MI 48933	payroll taxes	10/14/94	4648.44	1162.11	3486.33
CATEGORY <input checked="" type="checkbox"/> ADMINISTRATIVE/VOTER DRIVE    FUNDRAISING <input type="checkbox"/> EXEMPT EVENT YEAR-TO-DATE \$1,017,658.36    DIRECT CANDIDATE SUPPORT					
Depository Bank Capitol National Bank 200 N. Washington Sq. Lansing, MI. 48933	payroll taxes	10/14/94	4155.72	1038.93	3116.79
CATEGORY <input checked="" type="checkbox"/> ADMINISTRATIVE/VOTER DRIVE    FUNDRAISING <input type="checkbox"/> EXEMPT EVENT YEAR-TO-DATE \$1,021,814.09    DIRECT CANDIDATE SUPPORT					
Woody Etherly 901 Addison St. Flint, MI. 48505	postage	10/14/94	200.00	50.00	150.00
CATEGORY <input checked="" type="checkbox"/> ADMINISTRATIVE/VOTER DRIVE    FUNDRAISING <input type="checkbox"/> EXEMPT EVENT YEAR-TO-DATE \$1,022,014.09    DIRECT CANDIDATE SUPPORT					
Postmaster	postage	10/14/94	4.90	1.23	3.68
CATEGORY <input checked="" type="checkbox"/> ADMINISTRATIVE/VOTER DRIVE    FUNDRAISING <input type="checkbox"/> EXEMPT EVENT YEAR-TO-DATE \$1,023,018.99    DIRECT CANDIDATE SUPPORT					
Depository Bank Capitol National Bank 200 N. Washington Sq.	payroll taxes	10/14/94	650.00	162.50	487.50
CATEGORY: <input checked="" type="checkbox"/> ADMINISTRATIVE/VOTER DRIVE    FUNDRAISING <input type="checkbox"/> EXEMPT EVENT YEAR-TO-DATE \$1,023,668.98    DIRECT CANDIDATE SUPPORT					
SUBTOTAL OF JOINT FEDERAL AND NON-FEDERAL ACTIVITY THIS PAGE .....			193,159.06	43,289.77	129,869.30
TOTAL THIS PERIOD (total page for each line only)(Fed. share to 21 a i and non-Fed. share to 21 a d) ....					
TOTAL THIS PERIOD FOR THE NON-FEDERAL SHARE (used for line 31 of the detailed summary page) .....					

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200 N. WASHINGTON SQUARE  
LANSING, MICHIGAN 48933  
PHONE: (517) 484-5080

11/1/94

WE HAVE CHARGED YOUR ACCOUNT # 300-912-1 FOR A WIRE TRANSFER  
TO Grunewald, Eskew, Donilon PER YOUR REQUEST.

Q

Michigan Democratic Party

A WIRE TRANSFER FEE  
OF \$ 15.00 WAS  
CHARGED SEPARATELY  
TO YOUR ACCOUNT

\$ 64,999.00  
APPL  
KMC

ADVISE OF CHARGE

517 371 2005  
MICHIGAN DEMOCRATIC PARTY - DNC CHAIRMAN



200 N. WASHINGTON SQUARE  
LANSING, MICHIGAN 48933  
PHONE (517) 484-5080

date 11/1/94

WE HAVE CHARGED YOUR ACCOUNT # 300-965-6 FOR A WIRE TRANSFER  
TO Grunewald, Eskew, Donilon PER YOUR REQUEST.

Michigan Democratic Party

A WIRE TRANSFER FEE  
OF \$ 15.00 WAS  
CHARGED SEPARATELY  
TO YOUR ACCOUNT

\$ 103,939.00  
APPL  
KMC

WIRE TRANSFER COST

⑆072413450⑆

3008656⑆

86

⑆0060393400⑆

9 8 0 4 3 8 6 4 3 2

NO. 691 084



200 N. WASHINGTON SQUARE  
LANSING, MICHIGAN 48933  
PHONE: (517) 484-5080

11/2/94

WE HAVE CHARGED YOUR ACCOUNT # 300-865-6 FOR A WIRE TRANSFER  
TO Grunewald, eskew, donilon PER YOUR REQUEST.

NOV 11 2 11:17  
GET  
LANSING

Michigan Democratic Party  
606 Townsend St  
Lansing, MI 48933-2313

A WIRE TRANSFER FEE  
OF \$ 15.00 WAS  
CHARGED SEPARATELY  
TO YOUR ACCOUNT

\$ 173,207.00

REC JMC

⑆072463450⑆

3008656⑆

86 ⑆0017320700⑆

317 371 2056  
MI DEMOCRATIC PARTY - DNC CHAIRMAN



200 N. WASHINGTON SQUARE  
LANSING, MICHIGAN 48933  
PHONE: (517) 484-5080

11/2/98

WE HAVE CHARGED YOUR ACCOUNT # 301-921-1 FOR A WIRE TRANSFER  
TO Grunewald, Eskew, Donilon PER YOUR REQUEST.

912 JMC

Michigan Democratic Party

A WIRE TRANSFER FEE  
OF \$ 15.00 WAS  
CHARGED SEPARATELY  
TO YOUR ACCOUNT

\$ 11,208.00

REC JMC

11:22

06/27/95

9 8 0 4 3 8 9 4 3 3

DISBURSEMENT SCHEDULE H4  
(effective 1/1/91)

JOINT FEDERAL/NON-FEDERAL  
ACTIVITY SCHEDULE

PAGE 14 OF 39  
FOR LINE 21a

NAME OF COMMITTEE

MICHIGAN DEMOCRATIC STATE CENTRAL COMMITTEE

A FULL NAME MAILING ADDRESS & ZIP CODE	PURPOSE/EVENT	DATE	TOTAL AMOUNT	FEDERAL SHARE	NON-FEDERAL SHARE
Accident Fund of Mich. 232 S. Capitol Ave. Lansing, Mi. 48901	insurance	11/1/94	331.51	82.88	248.63
CATEGORY: <input checked="" type="checkbox"/> ADMINISTRATIVE/VOTER DRIVE <input type="checkbox"/> FUNDRAISING <input type="checkbox"/> EXEMPT EVENT YEAR-TO-DATE: \$1,232,963.17 - DIRECT CANDIDATE SUPPORT					
B FULL NAME MAILING ADDRESS & ZIP CODE	PURPOSE/EVENT	DATE	TOTAL AMOUNT	FEDERAL SHARE	NON-FEDERAL SHARE
Century Cellunet Box 6001 Marion, LA. 71260	phones	11/1/94	2753.22	688.31	2064.92
CATEGORY: <input checked="" type="checkbox"/> ADMINISTRATIVE/VOTER DRIVE <input type="checkbox"/> FUNDRAISING <input type="checkbox"/> EXEMPT EVENT YEAR-TO-DATE: \$1,235,716.39 - DIRECT CANDIDATE SUPPORT					
C FULL NAME MAILING ADDRESS & ZIP CODE	PURPOSE/EVENT	DATE	TOTAL AMOUNT	FEDERAL SHARE	NON-FEDERAL SHARE
Grunewald, Eskew, Donilon 1250 -24th St., NW, #260 Washington, D.C. 20037	generic advertising	11/1/94	66964.00	16,741.00	50,223.00
CATEGORY: <input checked="" type="checkbox"/> ADMINISTRATIVE/VOTER DRIVE <input type="checkbox"/> FUNDRAISING <input type="checkbox"/> EXEMPT EVENT YEAR-TO-DATE: \$1,302,680.39 - DIRECT CANDIDATE SUPPORT					
D FULL NAME MAILING ADDRESS & ZIP CODE	PURPOSE/EVENT	DATE	TOTAL AMOUNT	FEDERAL SHARE	NON-FEDERAL SHARE
Goodwill Printing Box 21820 Detroit, Mi. 48221	envelopes	11/1/94	2095.13	523.78	1571.35
CATEGORY: <input checked="" type="checkbox"/> ADMINISTRATIVE/VOTER DRIVE <input type="checkbox"/> FUNDRAISING <input type="checkbox"/> EXEMPT EVENT YEAR-TO-DATE: \$1,304,775.52 - DIRECT CANDIDATE SUPPORT					
E FULL NAME MAILING ADDRESS & ZIP CODE	PURPOSE/EVENT	DATE	TOTAL AMOUNT	FEDERAL SHARE	NON-FEDERAL SHARE
National Communication Services 236 Massachusetts Ave #610, Wash, D.C. 20002	GOTV calls	11/1/94	10,000.00	2500.00	7500.00
CATEGORY: <input checked="" type="checkbox"/> ADMINISTRATIVE/VOTER DRIVE <input type="checkbox"/> FUNDRAISING <input type="checkbox"/> EXEMPT EVENT YEAR-TO-DATE: \$1,314,776.52 - DIRECT CANDIDATE SUPPORT					
F FULL NAME MAILING ADDRESS & ZIP CODE	PURPOSE/EVENT	DATE	TOTAL AMOUNT	FEDERAL SHARE	NON-FEDERAL SHARE
Grunewald, Eskew, Donilon 1250 24th St, NW Washington, DC 20037	generic advertising	11/2/94	11,206.00	2801.50	8404.50
CATEGORY: <input checked="" type="checkbox"/> ADMINISTRATIVE/VOTER DRIVE <input type="checkbox"/> FUNDRAISING <input type="checkbox"/> EXEMPT EVENT YEAR-TO-DATE: \$1,325,981.52 - DIRECT CANDIDATE SUPPORT					
SUBTOTAL OF JOINT FEDERAL AND NON-FEDERAL ACTIVITY THIS PAGE			93,349.86	23,337.47	70,012.40
TOTAL THIS PERIOD (add page for each line only)(Fed. share to 21 a + and non-Fed. share to 21 a +)					
TOTAL THIS PERIOD FOR THE NON-FEDERAL SHARE (used for line 31 of the detailed summary page)					

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Federal News Service, SEPTEMBER 27, 1994

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Federal News Service

SEPTEMBER 27, 1994, TUESDAY

SECTION: CAPITOL HILL HEARING

LENGTH: 8271 words

HEADLINE: GOP " CONTRACT WITH AMERICA" EVENT  
WEST FRONT, U.S. CAPITOL

BODY:

REP. BOB MICHEL (R-IL): Well, good morning everyone. First, let me greet all my House colleagues and welcome our Republican challengers. I just want to say that if, as leader, I had a Republican majority like this all these years, this meeting would not have been necessary. (Cheers, applause.) Today, House Republican members and candidates stand together to publicly reaffirm pride in our party, belief in our principles and commitment to our policies. And today, Republicans stand together to solemnly pledge that under Republican leadership, the people's House, after decades of neglect and mismanagement, will be transformed, reformed and renewed. (Cheers, applause.) And we do not stand alone here today. We're joined in spirit by Republicans and Independents -- yes, many Democrats from communities all across the country -- who believe the Republican Party can provide Republican leadership, must provide that leadership, and will provide House leadership after the next election. (Applause.)

Fourteen years ago, on the east side of the Capitol, on the other side of this building, Republican incumbents and challengers gathered to publicly support the candidacy of Ronald Reagan. And in November of that year, Republicans won the Senate and reached a total of 192 Republicans in the House, and I was elected their leader. Those gains generated victory after victory for the Reagan program in the early months of the 97th Congress. It was my good fortune, of course, to have led that effort during the time. And today, as I prepare to leave the position my colleagues have so graciously entrusted to me for 14 years, I say to my fellow Republicans, in the 97th Congress we were able to accomplish great things with only 192 Republicans, but in the 104th Congress -- with many, many more Republicans -- you can accomplish so much more, mark a new glorious chapter in the history of our party in the House of Representatives. (Cheers, applause.)

Some say, "Why ask Republicans to stand on the Capitol steps, since Washington is so unpopular these days?" And my reply is,

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each Republican who stands here has brought along the common sense and the values of the communities they represent or will soon represent. Republicans are not here to bring the values of Washington to the rest of the country as the Democrats have for years; Republicans are here to bring values of the rest of the country here to Washington. (Cheers, applause.) And in January 1995, Republicans will march up the steps of the Capitol into the House Chamber and begin a housecleaning the likes of which hasn't been seen in this town for generations. (Cheers, applause.) That's why we're here on these steps, as a rehearsal for the real thing in January.

My friends, I'll not be able to be with you when you enter that promised land of having that long sought-after majority control of the House of Representatives. I can only stand here with you today and see that vision from afar. But that's enough for me because I know that what you accomplish will be the culmination of the dream of House Republicans for many years.

My friends and colleagues, it has been wonderful for me to have been part of our party's past, but it's even better today to see our party's future standing here before me.

And now it's my great personal pleasure to introduce Ileana Ros-Lehtinen of Florida, who will lead us in the pledge of allegiance to the flag. Ileana? REP. ILEANA ROS-LEHTINEN (R-FL): Thank you. Please join us for the pledge. I pledge allegiance to the flag of the United States of America, and to the republic for which it stands, one nation, under God, indivisible, with liberty and justice for all.

It is my pleasure now to introduce the esteemed chairman of the Republican Policy Committee, Congressman Henry Hyde of Illinois. (Cheers, applause.) REP. HENRY HYDE (R-IL): Will you join me in prayer?

Almighty Father, we are a diverse people who call you by many names, but to us all you are the lord of life, our God the most merciful. Be merciful now to our troubled world and to our worried nation. Out of today's tribulations bring tomorrow's rejoicing. We are not here to pray for political victory; we only ask that by pursuing our earthly goals, we will be doing your heavenly will. To a nation weary of evasion, help us bring commitment. To a people uncertain of the future, make us messengers of the rebirth of hope. Most of all, for those forgotten amidst the crush of competing interests, let us be seekers of justice. Fire our hearts with compassion for the needy, the helpless, the least of our brethren. Keep us true to the words we speak this day and faithful to the contract we sign, so that all our deeds may be as mighty as justice, all our speeches as eloquent as truth, and so this Capitol building before which we stand united will once again be a place of honor and a temple of freedom. Amen.

It's my honor to present to you the distinguished chairman of the House Republican Conference, the gentleman from Texas, Dick Arney. (Cheers, applause.) REP. DICK ARNEY (R-TX): Ladies and gentlemen, for all the good people of America, today we enter a new era in American government. Today one political party is listening to the concerns of the American people, and we are

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responding with specific legislation. We are united here today, over 150 current members of the House and over 200 candidates, united in the belief that the people's House must be wrested from the grip of special interests and handed back to you, the American people. (Applause.)

Unhappily, Americans today are cynical. They are tired of broken promises, tired of being misled, tired of spin from a White House that seems to govern on the principle that you can fool the people some of the time, and tired of a Congress that raises their taxes and wastes their money. Through the lens of C-SPAN's cameras, Americans are dismayed by the sight of a revered institution corrupted by absolute power, a House of Representatives that now routinely stifles free and open debate, cobbles together thousands of pages of bills behind closed doors, and refuses to live by the laws it imposes on everyone else, and -- most damaging -- has adopted as its central philosophy the belief that ordinary people cannot be trusted to spend their own money and make their own decisions.

If the American people are willing to let us, we're going to change all that. Today we Republicans are signing a contract with America. We pledge ourselves in writing to a new agenda of reform, respect and renewal -- reform of Congress and other government institutions, respect for the people we serve and represent, and renewal of the American dream that each day seems to slip further from the grasp of too many of America's families. We make this explicit offer: Give us major control of the House of Representatives for the first time in four decades, and we will bring to the House floor on the first day real congressional reform. (Cheers, applause.) In the first 100 days, we will bring to the vote 10 bills that would have an immediate and real impact in the lives of ordinary Americans. We will bring all these bills to the floor for an up-an-down vote and with open and fair debate where everyone's views are heard as we embark in a new direction for Congress and a new partnership with the American people.

We put these bills in a contract so people can hold us accountable, and there's an enforcement clause. We explicitly state, if you give us control and we don't do what we say, throw us out. We mean it. (Applause, cheers.) We mean it, and we take it as an article of faith that the American people will mean it, too. Our contract with American Agenda has been put together by everyone you see here today, working together to draft common-sense legislation to address the many real problems where government can play a proper role. The 10 bills that make up our Contract with America are available now in full legislative language, unlike the current ruling party in Congress that routinely forces to vote on 1,000-page bills without a chance to read them. We are not afraid to subject our work to the purifying light of day. Let me say that again. Unlike the current ruling majority in Congress that repeatedly brings 1,000-page bills to the floor and does not give us a chance to read them, we are willing to let our work be seen in the light of day, now, today. (Cheers, applause.)

We are making a contract today to run Congress in the open with

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full participation of the American people if you just give us the opportunity. Our contract with America is just the opening 100 days of accountable government. The contract is not the answer to every problem facing America today; it is an honest beginning and an effort to invest this election with some positive meaning, because running solely against an unpopular president would only deepen the public cynicism.

Winston Churchill once said Americans always do the right thing -- after they've exhausted every other possibility. (Laughter.) After 40 years of uninterrupted control, the Democrats have exhausted every other possibility. (Cheers, applause.) It's time for the Republican Party to accept the role of leadership the American people are demanding.

Today we pledge to begin by bringing relief to the average family, which now pays more in taxes than food, shelter and clothing combined, by cutting the size and influence of the federal government and by restoring accountability to the political process. In short, we propose to cede back power from the hallowed halls of Congress to the more hallowed kitchen tables of America where night after night families bow their heads in thanks and make decisions about education, charity, values, jobs, spending and balancing budgets with a wisdom and a compassion that no number of agency heads, cabinet secretaries or members of Congress could ever match. Our contract recognizes the limits of government and the unlimited contribution of husbands, wives, mothers, fathers, children and grandparents in a safe and prosperous America. It is now my pleasure to introduce Congressman Bill Paxon of New York, who chairs the National Republican Congressional Committee. Bill made sure that candidates had as much input into this document as sitting members, and he is largely responsible for the prospect of electing the first Republican House majority in 40 years. (Applause.)

REP. BILL PAXON (R-NY): Thank you very much. Ladies and gentlemen, this is truly an historic day. It was 40 years ago when Republicans were last in the majority, the same year that I was born. We lost our majority in 1954 and I've felt guilty ever since. (Laughter.)

Today is the day we as Republicans make our compact with the people to take back their House and restore faith in the institution of the Congress. (Applause.) Ladies and gentlemen this contract is truly of, by, and for the American people. It's tenets rise from the common sense of the coffee shop, the business sense of Main Street, and the values that come from folks in living rooms, in towns large and small across the great land that lies in front of this capitol. The problem with our Democrat colleagues who find fault with this contract is clear. It's been 40 long years since they've left this building. It's 40 years since they walked down these stairs. 40 years since they've listened to folks back home, in those coffee shops, along those Main Streets. While the Democrats have huddled here pursuing their agenda, the men and women gathered on these steps have listened back at home, and today bring the American people's agenda, this Contract with America, to the people's house.

Let's give a hand to those who played a key role, as architects of this historic contract. The 200 candidates who will compose the Republican class of 1994 in the United States House of Representatives. (Applause.)

Now, I'm very pleased that our candidates and our incumbent members will be presenting each of the ten planks of our platform, our Contract with America. And the first group to come forward is led by Lamar Smith, a member from Texas, and joined by three candidates, outstanding candidates. From Connecticut Ed Munster (sp), from Wisconsin Mark Newman (sp) and making the presentation on behalf of this group, from New York, Bob Mopper (sp). Please come forward. (Applause.)

BOB MOPPER (sp) (New York Congressional Candidate): I am proud to stand before you today to present our contract with America. For you see this is no ordinary political document, this contract is a unique experience in American history. It was not written by special interest groups or the lobbyists. It was not pushed on us by national leadership. No, Contract with America was created by all of us. Individually, and together, we heard what our voters were saying and we have chosen to act on it. We are ready to prove business in (sic) usual in Washington just won't do. It's time to return government to the people.

Isn't it time we hold Congress accountable for how much they spend and for what? (Cheers, applause.) The people demand responsibility from Congress. This madness must stop. Our contract with America begins with fiscal responsibility. Just as every American sits at their kitchen table and has to balance a budget, and just as every small business has to balance their budget, Congress must begin balancing our nation's budget. That's why in the first 100 days of a Republican House, we will vote on the Fiscal Responsibility Act. Our contract with America calls for a balanced budget amendment to the Constitution. (Applause.) And to keep Congress from passing the bill to you, our balanced budget amendment requires a three-fifths vote to raise taxes. (Cheers, applause.) And to increase accountability for the budget, our contract calls for a line item veto to give the president, Republican or Democrat, the authority to cut wasteful pork-barrel spending. (Cheers, applause.) Now, balancing our budget will not be easy. It will require a fundamental restructuring of government. We believe the American people are ready for government that does less of the wrong things but does the right things well. The balanced budget amendment is supported by 80 percent of the American people. As the ruling party in Congress has ignored the people on most issues, it has also ignored them on spending, as well. By twisting arms to block the balanced budget amendment, the ruling party has protected its irresponsible tax and spend policies that have weakened this great nation. With the help of the American people, we will put our fiscal house in order. Thank you very much. (Cheers, applause.)

REP. : Our next group of presenters, the Taking Back Our Streets Act, led by a Republican member, Bill McCollum from the State of Florida. He is joined by former colleague and soon-to-be colleague again, Frank Riggs from California, Kenny Holsof (sp)

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from Missouri, and making the presentation, Megan O'Neil (sp) from the state of Michigan. (Applause.)

MEGAN O'NEIL (sp) (Michigan Congressional Candidate): Thank you. Isn't an essential part of the American dream the ability to live free of fear? The American dream cannot survive without safety and security for individual Americans, for all of us. When our children are afraid to attend school, when a husband and wife are afraid to walk to their grocery store, and when society as a whole is being threatened, government must meet its responsibility to protect our schools, our streets and our neighborhoods.

Our Contract with America calls for tough punishment for those who prey on society. For too long, Washington has refused to get tough. And even when they sound tough, there are always loopholes that benefit the criminals, not the victims. Our contract will make the death penalty real. No more endless appeals.

(Applause.)

And we will cut the pork in the recently passed crime bill in order to build real prisons. (Applause.) And we will require criminals to serve their sentences, not have them back on the streets to terrorize again and again. (Applause.) And to make criminals more accountable, we will force them to pay full restitution to their victims or their victims' families.

(Applause, cheers.) And to those who commit felonies with guns, let me be particularly clear: We will require 10 years in jail minimum -- no exceptions. (Applause, cheers.)

We call this bill the Taking Back Our Streets Act, and it will be voted on in the first 100 days of a Republican House. It's time all of us felt safe and secure once again.

Thank you. (Applause.)

REP. PAXON: Megan, thank you very much.

Next, the Personal Responsibility Act led by two members, Dave Camp from Michigan and Jim Talent from Missouri, joined by three of our next generation of representatives, Roger Wicker (sp) from Mississippi, Andrea Seastrand (sp) from California, and making the presentation, Steve Shavit (sp) from the state of Ohio. (Applause.)

MR. SHAVIT (sp) (Ohio Congressional Candidate): Isn't it time for the government to encourage work rather than rewarding dependency? (Cheers, applause.) The Great Society has had the unintended consequences of snaring millions of Americans into the welfare trap. Government programs designed to give a helping hand to the neediest of Americans have instead bred illegitimacy, crime, illiteracy, and more poverty. Our contract will change this destructive social behavior by requiring welfare recipients to take personal responsibility for the decisions they make. (Cheers.)

Our contract will achieve what some 30 years of massive welfare spending has not been able to accomplish. We must reduce illegitimacy, require work, and save taxpayers money. (Cheers, applause.)

To reverse the skyrocketing out-of-wedlock births that are ripping apart our nation's social fabric, we provide no welfare to teen-age parents, and we require that paternity and

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responsibility be established in all illegitimate births where welfare is sought. (Cheers, applause.) To ensure that welfare offers a helping hand rather than a handout, we require that welfare beneficiaries work so they can develop the pride and self-sufficiency that comes from holding a productive job. We are pledging truly to end welfare as we know it. (Cheers, applause.)

America can still be the land of opportunity for all Americans, but to succeed we must make a break from the failed welfare policies of the past. Within the first 100 days of a Republican Congress, we will do just that, by voting on the Personal Responsibility Act.

Thank you. (Cheers, applause.)

REP. PAXON: Next, the Family Reinforcement Act, led by our member from the state of Nevada, Barbara Vucanovich, and joined by John Pappageorge (sp) from Michigan, Tim Lefevre (sp) from California, and -- making the presentation -- Jean Lysing (sp) from the state of Indiana. (Cheers, applause.) JEAN LYSING (sp) (Indiana Congressional Candidate): Should we do more to protect and strengthen the American family?

AUDIENCE: Yeah! (Applause.)

MS. LYSING (sp): The American family is at the very heart of our society. It is through the families that we learn values like responsibility, morality, commitment and faith. Today it seems the values of the family are under attack from all sides -- the media, the education establishment, and -- yes -- big government.

Our Family Reinforcement Act is pro-family because it recognizes the value of families. We will strengthen the rights of parents to protect their children against education programs that undermine the values taught in the home. We will crack down on deadbeat parents who avoid child support payments. Our contract protects children by increasing the penalties for assaults against children and by getting tough on child pornography. (Cheers, applause.) We will encourage adoption by providing a tax credit to assist families with the high cost of adoption. And our contract helps ease the financial cost of caring for elderly loved ones by creating a tax credit for dependent care.

(Applause.) After 40 years of putting government first, Republicans will put families first by voting on the Family Reinforcement Act in the first 100 days of our majority in the House. It's a change long overdue. (Cheers, applause.) REP.

PAXON: Next, the American Dream Restoration Act. Our presenters led by Henry Hyde from Illinois, joined by Tad Jude (sp) from Minnesota, John Christensen (sp) from the state of Nebraska, and our presenter is the giant-killer from the state of Washington, Senator Linda Smith. Come on up. (Cheers, applause.)

LINDA SMITH (Washington Congressional Candidate): Looks like we lost our leader, but I bet we'll do just fine anyway.

Do you think your tax bills are too high?

AUDIENCE: Yes!

MS. SMITH: That you aren't getting what you pay for out of Washington? AUDIENCE: Yes!

MS. SMITH: You know, in 1992, America was promised a middle-tax

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tax relief package. However, the promise of the middle class tax cut quickly turned into the largest tax increase in American history. (Audience boos. Laughter.) Good job! (Laughter.) In the first hundred days of an American Republican Congress, we -- (cheers.) Sounds good, doesn't it? We're gonna make good where others have failed, on the American Dream Restoration Act. Our contract recommends that we build families back in as the building block of society. Unique idea, huh? (Applause.) Renewing the American dream is our goal, and renewing that dream starts at home with the family. To help families reach the American dream, our contract calls for a \$500 per child tax credit to make raising families and kids just a little bit easier. (Cheers, applause.) This credit will actually cut an average family that has an income of \$28,000 tax burden by a third. We're not just talking, we're gonna do it. Second, we'll begin to repeal the marriage tax penalty.

AMERICA (Applause.)

The government should reward, not punish, those who enter into the sacred bonds of marriage.

And, finally, we will create American dreams savings accounts to make it easier for average families to save money, buy a home, pay for medical expenses and send their kids to college.

Renewing the American dream is what this contract is all about. By strengthening our families we strengthen America. Thank you. (Applause.)

REP. ? : Now the National Security Restoration Act. Our presenters, led by Bob Livingston from Louisiana, joined by Jim Nelupa (sp?), Orson Swindal (sp) from Hawaii, Walter Jones, Jr., from North Carolina, and the presenter from this group, Saxbe (?) Chambliss (sp) from the state of Georgia. MR. CHAMBLISS (sp): Isn't national defense the first and foremost priority of the federal government. (Cheers, applause.) For 40 years prior to the fall of the Berlin wall, Americans stood shoulder to shoulder with international communism and we won. But with the end of the Cold War, some have taken to raiding the defense budget to fund the social welfare programs and U.N. peacekeeping programs. Our defense forces have been cut so deeply that we risk a return to the hollow military of the 1970s and for the first time in our history, American troops have served under U.N. command. (Boos, groans.) A Republican House will change this. A Republican House will change this by voting on the National Security Restoration act within our first one-hundred days. (Applause, cheers.)

Our contract with America includes putting a stop to putting American troops under U.N. command; to stop raiding the defense budget to finance social programs and U.N. peacekeeping; and to stop gutting Ronald Reagan's vision of protecting America against nuclear or chemical attack. (Applause, cheers.) Republicans are committed to a defense against missile attacks from terrorist states such as North Korea, Libya and Iran.

Providing for the common defense is the first duty of our government. It is not optional. With Republicans in the majority, we will stop undermining our military and give Americans security with peace of mind. (Applause.) REP. PAXON: Our Senior Citizen Fairness Act, led by Denny Hastert, member

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from the state of Illinois, and joined by J.D. Hayworth (sp) from Arizona, Enid Green Waldholtz (sp) from Utah, and -- making the presentation -- the next member from the state of Texas, Bobby Ortiz. (Applause.) BOBBY ORTIZ (Texas Congressional Candidate): Don't senior citizens deserve a break rather than a tax hike?

AUDIENCE: Yeah! (Applause.)

MR. ORTIZ: (Speaks in Spanish.)

AUDIENCE: Si! (Applause.)

MR. ORTIZ: Americans today are living longer and reaching their retirement years in better health than ever before. Our senior citizens have taken this great nation through incredible years, and we owe them a tremendous debt of gratitude. Don't you agree? (Cheers, applause.)

Too many seniors are now facing effective marginal tax cuts of over 50 percent, a rate much higher than that of other Americans. That is why our contract calls for the repeal of last year's tax increase on Social Security benefits. (Cheers, applause.) And for those between the ages of 65 and 69, we will raise the Social Security earnings limit threefold to \$30,000 so that we may continue working if they so choose. Washington should not be in the business of driving productive seniors out. We should be in the position of offering them to invest in the great future and transferring their great knowledge to our great youth of America. (Cheers, applause.)

We also call for tax incentives to help older Americans purchase long-term care insurance so they can better afford the high health care costs that may be coming to them in later years of life. Senior citizens are threatened every day by bigger and bigger government, higher inflation and higher taxes. We will address these problems in our first 100 days by voting on the Senior Citizens Fairness Act. Our contract treat seniors with the respect they deserve, and we offer positive solutions to help those who have given so much and who made us the great nation we are today.

(Applause.)

REP. PAXON: Next, the Job Creation and Wage Enhancement Act, led by two members, Tom DeLay from Texas and Jim Saxton from New Jersey, joined by three of our next House Republicans, Barbara Rubin (sp) from the state of Wyoming, Rick White (sp) from Washington State, and making the presentation, from the state of Missouri, Ron Freeman (sp). (Cheers, applause.)

MR. FREEMAN (SP) (MISSOURI CONGRESSIONAL CANDIDATE): Isn't it time to get government off of our backs? (Cheers, applause.) Government needs to understand that our problems will not be solved by big programs, but by common sense people; that in fact, most of the problems we face today have been created by irresponsible government and we need to change that. (Applause, cheers.)

In fact, the current economic recovery which began in 1992 is being jeopardized today by excessive taxation and overburdensome regulations that throttled the hand of business to be about the work of creating jobs and opportunity for people. (Applause.) If you, the American people, will elect a Republican majority in

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1994, in the first 100 days of the 1995 season we will bring to vote -- it's a football term -- (laughter) -- we will bring to vote the Job Creation and Wage Enhancement Act to make a difference for American citizens that work hard and want to make our country great. (Applause.)

We need to roll back tax rates; they're working against investment today. We need to stop the unfunded federal mandates that throttle the work of state and local municipalities from doing their jobs effectively. (Cheers, applause.) And in order to renew the American dream, we need a growing economy that will provide jobs and opportunity, to give the youth of this nation a hope and a future and restore once again what Thomas Jefferson called the world's last best hope for freedom.

Thank you very much. (Cheers, applause.)

REP. PAXON: Next, the Citizen Legislature Act, led by the member from the state of Georgia, John Linder, and joined by Kevin Vigilante (sp) from Rhode Island, Mary Alice Asavado (sp) from California, and making the presentation, Jim Dietz (sp) from Texas. (Applause.)

JIM DIETZ (sp) (Texas Congressional Candidate): Isn't it time we sent the professional politicians a message? That politics should not be lifetime job. (Cheers, applause.) The founding fathers envisioned a legislature accountable to the people. A citizen legislature. Not a House of Lords. (Applause.) A House of Lords that's entrenched in Washington, and removed from the concerns of the very people who elected them. Today, instead of constituents choosing their Congressmen, too often Congressmen choose their constituents in districts gerrymandered to protect the elite power structure of the last 40 years. (Applause.) Today the Speaker of the House sues his own state to block the voter's call for term limits. (Boos.) Yet, lawsuit or not, term limits movement is sweeping this nation, and eight out of ten Americans support the idea. (Applause.) The Democrats won't even debate the issue of term limits. We will. Our Contract with America will guarantee the first ever vote on a constitutional amendment for term limits. (Applause.)

Within the first 100 days of a Republican House, we will vote on the citizen legislature act. The strength of the grass roots term limits movement comes from the fact that Washington is simply out of touch with Middle America. But we are listening. We hear you., Our Contract with America is the agenda of the American people, not of the establishment in Washington DC. Thank you very much. (Applause.)

REP. PAXTON: Now as we prepare to present our last group of presenters, just one comment. For the past year, it's been my great honor as campaign chair for House Republicans to have met these and a thousand men and women who have come forward to run for the House from across this great country on the Republican ticket. It is for the first time in history that there are more Republicans running for Congress than Democrats. That's a real message. (Cheers, applause.)

But, ladies and gentlemen, as you can see today, it's not only important that across this great country a record number have come forward, but as you can see, they are also the best

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qualified ever in the history of this country seeking the House of Representatives. (Cheers, applause.)

Now it's a pleasure to present the last group of presenters who will be making the Common Sense Legal Reform Act presentation, led by Jim Ramstad from Minnesota, and joined by Greg Gansky (sp) from Iowa, Dave McIntosh (sp) from Indiana, and making the presentation from Texas -- Dick Armey -- we have all Texans here today -- Jo Baylor (sp). (Cheers, applause.) JO BAYLOR (sp) (Texas Congressional Candidate): Isn't it time to clean up the court system?

AUDIENCE: Yeah! (Applause.)

MS. BAYLOR (sp): Frivolous lawsuits and outlandish damage rewards make a mockery of our civil justice system. Americans spend an estimated \$300 billion a year in needlessly higher prices for products and services as a result of excessive legal cost. The delays and costs caused by legal abuses put the legal system out of reach of most average Americans. Our contract with America includes a package of common sense legal reforms that will put justice back in our civil justice system.

Within the first 100 days of a Republican House we will vote on the Common Sense Legal Reform Act. Our bill penalizes frivolous lawsuits by making the loser pick up the winner's legal fees. (Cheers, applause.) It also imposes mandatory penalties on lawyers who abuse the system. (Cheers, applause.) It curbs the use of junk science in court and requires so-called "experts" to be real experts. (Cheers, applause.) It helps lower prices by curbing abuses in product liability, stopping runaway punitive damages, and by directing legal blame at only those responsible for the injury. (Cheers, applause.) With our package of common sense legal reforms, we can eliminate excessive cost and long delays, and we can restore fairness to the American court system. The time has come. (Cheers, applause.) On behalf of the 300-plus Republican congressional candidates, we are proud to present to the voters of our districts this contract, a contract which gives voice to those who have lost faith in their government.

Contract with America is our sacred pledge to millions of hardworking, tax-paying, patriotic Americans that we will put their needs before those of the special interests, that we will listen to their will and return their government to them. Respecting the judgment of our fellow citizens as we seek the mandate for reform, we hereby pledge our names to this Contract with America. It is -- (applause.) And now it is my great privilege and also my great honor to introduce the next speaker of the people's House, Newt Gingrich. (Cheers, applause.)

REP. NEWT GINGRICH (R-GA): Thank you very much, Jo (sp). Let me say first that before we enter into dealing with the 10 bills, on the very opening day, we will have a series of eight reforms. And I in particular want to thank David Dreier and Jennifer Dunn, who chaired the working group that produced this. And I want to say to every American that we believe in this contract and these reforms so deeply that we have not only put them in writing today, but that they will be in a full page ad in TV Guide that we encourage every American -- when that ad comes out, which I believe is October 27 -- to tear that page out, to stick it on

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your refrigerator till January 3rd, and then to join us. And I want to promise every American that we will have the same ad at the speaker's desk every day until we meet our obligations, and we will begin the session every day by rereading the ad until we have met our obligations, and we will keep our commitment to keep our half of the contract, with the help of the American people. (Cheers, applause.)

On the first day of the 104th Congress, the new Republican majority will immediately pass the following major reforms aimed at restoring the faith and trust of the American people in their government. First, require all laws that apply to the rest of the country to also apply equally to the Congress. (Cheers, applause.) Second, select a major independent auditing firm to conduct a comprehensive audit of Congress for waste, fraud and abuse. (Cheers, applause.) Third, cut the number of House committees and cut committee staffs by one-third. (Cheers, applause.)

Fourth, limit the term of all committee chairs. (Cheers, applause.) Fifth, ban the casting of proxy votes in committee. Sixth, require committee meetings to be open to the public. (Cheers, applause.) Seventh, require a three-fifths majority vote to pass a tax increase. (Cheers, applause.) And eighth, guarantee an honest accounting of our federal budget by implementing zero-base, line-item budgeting -- baseline budgets. (Cheers, applause.) I'm sorry, that's baseline budget.

Let me say in a larger scale, this is truly, in a way that very few political events ever are, an historic event. For all those who are tired of negative attacks, smear campaigns, for all those who have asked political parties to get together and be a responsible team, for all those who said we have to deal in a positive way with the challenges of America's future, I hope that you listened to each of our candidates as they outlined each of the 10 bills that we have committed in our contract to bring to the floor.

And I hope every person will realize, this is an enormous undertaking. I want to thank in particular Bob Michel, who has been an extraordinary leader in reaching out to everyone in the conference and encouraging us to be daring and to be bold and to launch this effort. And Bob, we literally would not be here today without your support and your help. (Applause.)

And I want to thank Dick Arney and all the incumbents who worked so hard to make sure that we actually had substance and that today we're not just offering promises but we are actually releasing the text of the bills. Now, that's an enormous step in the right direction toward specificity. I want to thank Bill Paxon and the candidates who worked together to make sure that we had input, that everybody running for office, across the country, had an opportunity to advise us.

I want to recognize the Republican National Committee chairman who is here, Haley Barbour, who has done a tremendous job. (Cheers, applause.) And we're particularly grateful to Haley because it is his committee that is putting the ad in TV Guide, and without him we couldn't reach the country. I also want to recognize Governor Pete DuPont of Delaware. Governor DuPont?

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(Applause.) Governor DuPont came to us about two months ago and said, Washington's not enough, you can't solve the problems just in Washington. And with his leadership and Haley Barbour's support, we now have over half the states in the country; by next Tuesday we'll have a state-level contract; in over 50 major counties the following Tuesday there will be a local government contract, as the concept of reaching out and having a contract with the American people extends beyond just Washington, D.C. (Applause, cheers.) Finally, I want to single out Barry Jackson and Carrie Nod (sp) and the staffs who worked on this. This is, as you look around here, an enormous undertaking, and without tremendous support from literally hundreds of staff people, we couldn't be here. And yet we were asked as recently as this morning why are we here, why not just run against the Clinton administration and its collapsing public support? (Laughter.) And in the spirit of total honesty, I have to say, when you watch them collapse this badly, it is tempting. (Laughter, applause.) But it's not good enough. The fact is that America is in trouble, and our trouble extends beyond the White House.

The fact is, as a history teacher, I would insist that it is impossible to maintain American civilization with 12-year-olds having babies, 15-year-olds killing each other, 17-year-olds dying of AIDS, and 18-year-olds getting diplomas they can't even read. But this is a crisis of our entire civilization, and within a half mile of this building these conditions happen in our nation's capital, and they happen in every major city and they happen in West Virginia and they happen in most Indian reservations and across this country. We are failing in our obligation to the children of America.

Think of America as a giant family of 260 million people of extraordinarily diverse backgrounds riding in a huge car down the highway trying to pursue happiness and seek the American dream. And, of course, in America, every one of those 260 million can define for themselves the dream they want to pursue. We suddenly started having blowouts.

A tire blew out because we couldn't make the transition to the information age and all of its great promise of better jobs and better services and greater opportunities.

And then a tire blew out because we haven't finished making the transition from a national economy to truly being competitive in the world market, to recognizing that we create local jobs through world sales. And that means our children aren't just getting educated so that Georgians can compete with Texans; our children are getting educated to compete with Germans and Chinese and Japanese and across the planet.

And then a tire blew out because the welfare state failed so totally, and it's so clear we have to replace it with an opportunity society. And with three blowouts, the American family car began to have a terrible ride, and people were anxiety-ridden. They're worried about their job. They're worried about their children's education. They're worried about their children's education. They're worried about their government. They're worried about their safety. But no

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politician and no reporter would get out of the car, and our campaigns consisted of promises that "if only you'd elect me to be the person who steers, I'll steer smoothly." And so we'd elect each promise, and they'd get behind the wheel, and the fact is we had three flat tires and the ride got bumpier. And so we got madder. And then the fourth tire blew out, and trust broke down between government and the governed.

Let me just say to all of you, while we believe in our contract, and while we're all gathered here, we are not going to fix the American family car, we're not going to replace all four of those tires here in Washington, DC. The fact is every American is going to have to be willing to get out of the car, every American's got to be willing to roll up their sleeves, every American's going to have to be willing to sweat and to work if we're going to give our children and our grandchildren a free, a safe, and a prosperous future. (Applause.) Now, we're here because we're taking the first steps, and we're taking them in a contract with the American people. We've already told the incumbents and the candidates that if we have a majority, if the American people accept this contract, that they can expect to work five days a week in January, six days a week in February and March, and 24 hours a day around the clock towards the end if necessary, but we are going to get to the final recorded votes in the first 100 days on every item. (Cheers, applause.)

You know, you would've thought with a positive contract, with positive ideas, with eight reform steps in the opening day, and with 10 bills, that the press corps would've finally said, "What a difference! What a change from 30-second attack ads. What a change from the usual lack of teamwork and lack of specificity." But instead, we've had the usual carping, the usual complaining, the usual negativism from an all-too-cynical Washington press corps, which attacks us for term limits, for a balanced budget amendment. One columnist called our contract an airball. Now, I recognize, sadly, that the Washington press corps is all too often the Praetorian guard of the left. (Cheers, applause.) But it tells you something. It tells you something about how out of touch they are with the American people, that every item in our contract is supported by 60 percent or more of the American people -- some of the items are supported as much as 80 percent of the American people -- and outside Washington, this is a contract with Americans for America, and there's a huge difference. Now, they said the American people want real change, and I think the Balanced Budget Amendment is the best example of a clear, decisive change. Let me tell you what the difference is: We recognize that we Republicans want a larger private sector, with more private sector jobs, with less government. We recognize that the Clinton administration and Clinton Democrats want a smaller private sector with fewer private sector jobs, and a bigger government. (Audience boos.) We Republicans recognize that we want more in the family budget and more take-home pay, and we want less in the federal budget. The Clinton administration is willing to take away from the family budget, and take away from your take-home pay, to have more in the government budget. So when the Clinton administration says a

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balanced-budget amendment would cost \$750 billion, what they're saying is they will tax and borrow from you and your children, but they will not take away from government. (Applause.) In effect, Al Gore's Reinventing Government is a cosmetic facelift of the old order. What we're saying is something very different. And we're not just offering theory. I would urge the Washington press corps, call Governor Bill Weld in Massachusetts, call Governor Carroll Campbell in South Carolina, call Governor John Engler in Michigan, call Governor Tommy Thompson in Wisconsin, call Governor George Allen in Virginia, or call Governor Christy Whitman in New Jersey. (Cheers, applause.)

In every one of those states the Republican ran for governor offering less government and lower taxes. In every one of those states the liberal editorial pages said "what an irresponsible offer". In every one of those states the Republican won because the people were tired of big government, wasteful spending, dumb bureaucracies, and ineffective red tape. (Cheers, applause.) And in every one of those states the Republican governor kept their word, cut the budget, cut taxes, and created more private-sector jobs than they'd ever had before. (Cheers, applause.)

Now, you can ask us how will we take this huge, out-of-balance, enormous federal budget, and how will we change it? Let me surprise all of you by quoting from the greatest president of the 20th century, who stood in this city on March 4th, 1933, in the middle of the Great Depression, standing in braces at a time when it was inconceivable that a man in a wheelchair could lead a great nation. And Franklin Delano Roosevelt said, "We have nothing to fear but fear itself." And I would say to all of you, if we truly reach out not just for the first 100 days, but if we Republicans are prepared to reach out to the American people again and again and again, if we're prepared to have town hall meetings and invite every citizen to come with their ideas for cutting spending, if we're prepared to go out to the information revolution and find every method for downsizing, if we will approach the challenge of getting to a balanced budget with the standpoint that we have nothing to fear but fear itself, we'll get there. Some 50 years later -- 47 years later, on these very same steps, a former Roosevelt Democrat, Ronald Reagan, stood. (Cheers, applause.) And I remind all of you that our doors are open to every former Democrat who decides that the -- (applause) -- this is a great party of growing strength because our doors are open to everyone who wants to create a better future and is not tied to a failed government. President Reagan stood, at the end of the malaise administration, and he said, "We have every right to dream heroic dreams. After all, we are Americans." And so I would say to our critics in the press corps: Yes, it may be a heroic dream to think we can balance the budget. Yes, it may be a heroic dream to think that every child in Washington, D.C. could go to a school where they actually learn how to read and write.

Yes, it may be a heroic dream to believe that every child in America could go to bed tonight without drug dealers, without pimps, without prostitution, without violent crime, and could actually live in safety. But isn't that what America's about,

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the right to dream these kind of heroic dreams? (Cheers, applause.) We are in the business of reestablishing the right to pursue happiness and the right for every child born in this country, every child who comes to this country, because that is what it means to be an American. This will require tremendous creativity and new effort. Let me give you one minor example. Out of a two-day conference in August on cyberspace and the American dream, we've developed a proposal which we will bring up in January, that when a conference report or a committee report is offered, when the president sends up a message, they have to be put electronically available at that instant so that every American everywhere in the country has the same access as the lobbyists, has the same opportunity as the insiders, and that information is available automatically for free to the entire country when it's made available to the members of Congress. (Cheers, applause.)

Today is just a start. Much has to be done. America is the most revolutionary experiment in human history. We truly believe that we are endowed by our creator, that our rights come from God and not from the government or the state. The tragedy is that in the last half-century, while we contained the Soviet Empire and won the Cold War, we have become in danger of losing our own civilization. Today on these steps we offer this contract as a first step towards renewing American civilization.

I am going to sign the contract now, as the last member to do so, on behalf of the Republican conference. (Signing.) (Cheers, applause.) Let me just say -- close by saying this. As you watch the evening news tonight, as you see the barbarism of Bosnia, where snipers shoot children in the street, as you see the devastation of Somalia, as you see the human tragedy of Rwanda, where a half-million human beings were killed, as you watch the chaos and poverty of Haiti, recognize that if America fails, our children will live on a dark and bloody planet. If the American people accept this contract, we will have begun the journey to renew American civilization. Together we can renew America. Together we can help every American fulfill their unalienable right to pursue happiness and to seek the American dream. Together we can help every human across the planet seek freedom, prosperity, safety and the rule of law. That is what is at stake. God bless you, and God bless America. (Cheers, applause.)

END

LANGUAGE: ENGLISH

LOAD-DATE: September 27, 1994

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Roll Call

July 25, 1994

LENGTH: 1560 words

HEADLINE: GOP Unveils Plan For 'First 100 Days'

BYLINE: By Timothy J. Burger

BODY:

Stepping up their bid to convince voters that a Republican-controlled House will be more efficient, GOP leaders are promising a "first 100 days" that will include a major overhaul of House rules, the chamber's first-ever vote on term limits, and consideration of nine other major pieces of legislation.

As their hopes mount of coming close to taking over the House for the first time since Eisenhower was president, GOP leaders have embarked on an ambitious project to draft these 11 pieces of legislation and present them at a Sept. 27 gathering on the Capitol steps featuring all Republican Members and House candidates.

"It's an enormous task. But what we are doing is we are creating what we believe to be a very defining moment," Texas Rep. Dick Arney, the Republican Conference chairman, told Roll Call last week in an interview about what the Conference is billing as its "Contract With America" initiative.

The objective, Arney said, is to convince voters that electing a Republican House majority in November will be in the best interests of the "most open, effective, and honest" government.

Republicans now hold 178 House seats; to win an outright majority this November they would have to pick up 40 seats. Most analysts believe that won't quite happen, although many predict GOP gains of between 20 and 30 seats.

Arney vowed that, within the first 100 days of GOP control of the House, the chamber would see floor votes on legislation dealing with ten key issue areas, including economic growth, legal reform, term limits, and regulatory reform - clearly delineating the philosophical differences between Democrats and Republicans.

This would all follow passage of an internal reform package slated for "opening day," Jan. 3. This proposal will include reductions in the number of staff and committees, a requirement that all budgets passed by the House include what Republicans call "honest numbers," and a requirement for a comprehensive audit of House finances.

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Senate Republicans are considering planning a similar event for Sept. 21, when a number of GOP candidates will be in Washington for a fundraiser, according to Gary Koops, communications director for the National Republican Senatorial Committee. But Senate Republicans are not preparing a specific legislative agenda to accompany their final push to win control of that chamber for the first time since 1986.

House Republicans are also aggressively mounting a public relations blitz, complete with what Arney called a "command center" - others are calling it a "war room" - at the National Republican Congressional Committee, funded by \$75,000 from the Republican National Committee, to handle logistics for the hundreds of GOP candidates who are expected to be on hand.

The NRCC-RNC team is headed by Barry Jackson, chief of staff to Rep. John Boehner (R-Ohio). Jackson will only work part-time for Boehner during this period.

Said Arney, "obviously, it does no good for us to make a contract with the American people if the American people don't know about it."

Arney said the command center is helping with transportation and accommodation arrangements as well as conference calls and other communications with candidates to help them develop ways of exploiting the GOP plans in their respective campaigns.

Hoping to create a ripple effect, the RNC team is also coordinating an Oct. 4 event in as many state capitals as can be arranged at which Republican candidates for state office will gather and present their agendas as the House candidates did the week before.

Planning for this is being headed by former Delaware Gov. Pete DuPont, who unsuccessfully sought the GOP presidential nomination in 1988.

And on Oct. 11, similar events are being planned for the county and local level.

Minority Whip Newt Gingrich (R-Ga), Arney, NRCC Chairman Bill Paxon (NY), and Reps. Bob Walker (Pa) and Tom DeLay (Texas) - aided by others on Gingrich's informal "Board of Directors," a sort of Gingrich kitchen cabinet - have tapped 11 "team leaders" to head working groups in the various issue areas.

They have also set firm deadlines for the teams to write, hone, and present the bills.

Last week, the teams were to have written a "first conceptual draft" outlining key points in their bills. This week, each team will hold an open forum at which any Republican will be welcome to provide input.

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A second draft of the bills is due July 29 and each working group must pass out its bill by Aug. 5 and then present it to the Republican Policy Committee, chaired by Rep. Henry Hyde (Ill), by Aug. 10.

Then, over the August recess, the proposals will be hammered into proper legislative language for presentation to the full GOP Conference Sept. 9.

"We intend to stand with the bill in hand. We don't want to have a set of abstract principles," Arney said. He also said that all the proposals will be guided by the central requirements that they be sound policy, easily explained to the public - and "it's got to be fairly exciting."

"We want to show that we are a team to rescue our country," said Rep. Chris Shays (Conn), a moderate Republican and longtime supporter of Gingrich, who's expected to succeed retiring Rep. Bob Michel (R-Ill) as Minority Leader next Congress.

One inevitable, implicit goal of the Sept. 27 and subsequent events is to make Gingrich Speaker of the House by convincing potential voters that policy gridlock within the House, at least, would be a thing of the past under a GOP majority.

Leading the internal House reform working group are Reps. Jennifer Dunn (Wash), a member of House Administration, and David Dreier (Calif), a member of Rules.

The other eight team leaders and the issue areas they'll be handling are: Rep. John Linder (Ga), term limits; Reps. Hyde and Barbara Vucanovich (Nev), "Pro Family Reforms"; Rep. Bob Livingston (La), "Strengthening Defense and Foreign Affairs"; Rep. Lamar Smith (Texas), Balanced Budget Amendment; Rep. Jim Ramstad (Minn), "Common Sense Legal Reforms"; Rep. Jim Saxton (NJ), economic growth; Rep. Dennis Hastert (Ill), senior citizens' reforms; Rep. Tom DeLay (Texas), regulatory reforms.

To help guide the teams in writing their bills, the Conference on July 15 sent every Republican Member a survey that was due back on Friday.

Two other topics will be developed after considering Members' ideas, the results of the survey, and the overall record of the 103rd Congress. The survey will also contribute to the teams' development of their assigned topics.

The extensive survey asks Members to rank a dozen issue areas from 1 to 12. They include spending cuts, "pro-family tax reforms," "senior citizen fairness," "easing the regulatory burden," and "common sense health care reforms."

The survey then asks Members to select priorities within each of these 12 areas. Under the "pro-family" heading, for example,

respondents must rate "eliminate the marriage penalty" and "create 'super housing IRAs' for first-time home buyers," among others.

And under the topic, "parental and local empowerment," Members are asked to rate such things as: "allow parents to opt children out of public school activities contrary to their family values," "restore local control of schools," "school choice," "toughen child pornography laws weakened by the Clinton administration," and "permit voluntary school prayer."

The GOP has also sent similar surveys to Republican candidates and allied interest groups.

LANGUAGE: ENGLISH

LOAD-DATE: July 25, 1994

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The National Journal

July 23, 1994

SECTION: UP AND DOWN THE HILL; Congressional Chronicle; Vol. 26, No. 30; Pg. 1754

LENGTH: 1065 words

HEADLINE: A GOP BLUEPRINT TO REMODEL THE HOUSE

BYLINE: Richard E. Cohen

BODY:

As the debate over health care reform heats up, House Republicans find themselves in the familiar position of being ignored by Democratic Members, lobbyists and the news media. But the Republicans are preparing to have the last laugh. Capitol Hill will be different next year, they promise, and not solely because they expect the GOP to score major gains in the November elections.

The Republicans are planning a Sept. 27 event on the Capitol steps at which they will unveil their "Contract With America," a 10-point agenda that they promise to push to the House floor early next year if their party gains control of the chamber in November. Seeking to point up the contrast with President Clinton's abandoned or vague campaign promises, they say that they will commit themselves to quick and specific action.

In other years, this might be dismissed as a display of partisan chutzpah. But Republicans sense that the political tides are cresting in their direction, and they are readying themselves for GOP majority rule.

Hundreds of House GOP candidates -- incumbents and challengers alike -- are being asked to sign a pledge to act on the 10 major initiatives within 100 days after they take office next January. A battalion of House Republicans, armed with surveys showing their candidates' preferences on about 60 policy options, has been assigned to assemble the pieces of the party's legislative agenda under the command of Richard K. Arney of Texas, chairman of the House Republican Conference.

"As a Republican majority has moved from improbable to probable, we need to demonstrate the differences between our party and their party," Arney said in an interview. "We are offering a contract to the American public that will redefine how Congress operates from the first day . . . and present 10 items of the nation's business on which we guarantee a floor vote within 100 days." Although Republicans have said that they can

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pledge only a vote, not passage of their plan, they obviously hope to deliver on their promises.

A quintet of GOP leaders -- Arney, Minority Whip Newt Gingrich of Georgia, chief deputy whip Robert S. Walker of Pennsylvania, Conference secretary Tom D. DeLay of Texas and National Republican Congressional Committee chairman L. William (Bill) Paxon of New York -- began planning the September event early this year. They have expanded their network to about two dozen Members, many of them junior, who meet each Thursday to discuss broad party strategy. (For a report on House GOP activism, see NJ, 12/4/93, p. 2888.)

Last month, the GOP leaders organized nine working groups to review options and draft key agenda items for the package. The groups will address term limits, pro-family reforms, defense and foreign affairs, a balanced budget constitutional amendment, legal reform, economic growth, senior citizens' issues, regulatory reform and an "opening day checklist" of changes in House procedures. Other items, such as health care, welfare and crime, are likely to be added to the agenda.

DeLay, who is directing the regulatory reform group of about 10 Members, said that he wants to focus on several proposals: requiring risk-assessment studies before federal regulations are issued; barring the federal government from imposing mandates on state and local governments without providing funds to carry them out; and subjecting all regulations to "sunset" provisions. "We want to keep our message as simple as possible to keep it credible," he said. "This is an effort to inform [the public] of who has been in control of the House for the past 40 years." DeLay said that he plans to solicit reactions from Washington-based trade associations to his group's proposals.

Arney's schedule calls for each working group to gain initial party approval by Aug. 10, with the final legislative language drafted during the August recess. Members plan to file their bills in the House as part of the Capitol-steps extravaganza.

The party's criteria, Arney said, are that "the proposals are sound public policy, excite our base [voters], are easy to explain and are do-able." And so he does not expect to include proposals calling for an overhaul of the budget process and the tax code -- including a 17 per cent flat tax rate and the elimination of all deductions -- that he recently has showcased to conservatives.

The Republican National Committee (RNC) is contributing logistical support and as much as \$ 100,000 for the Sept. 27 event. Although aides said that party chairman Haley Barbour probably would not attend, House leaders plan to coordinate closely with the RNC. The RNC is working on similar events across the nation on Oct. 4 and Oct. 11, at which state and county GOP candidates will make pledges for action, based on a combination

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of party doctrine and local interests.

Senate Minority Leader Robert Dole of Kansas and National Republican Senatorial Committee chairman Phil Gramm of Texas are working on a Washington event, set for Sept. 21, to parade their candidates and their "seven more in '94" message -- a reference to the number of seats that they need for a Senate majority. The prospect of separate House and Senate GOP events suggests that Democrats are not the only party with internal tensions. Even if Republicans score big gains, they will have to contend with a history of mistrust between the House and Senate GOP and strained relations between leaders such as Dole and Gingrich.

It's common for party leaders to promote a broad agenda at the start of a congressional session. But for the rank and file to endorse a package of specific bills increases the party's exposure to outside attacks.

"This is an exercise in whether we can govern," DeLay said confidently. "If we can pull this off, we can run the House." GOP planners have drafted a "flow chart" for moving their 10 major bills to the House floor by next April.

Whether House Republicans will gain the 40 seats required to fulfill their contract remains to be seen, of course. Arney said that party leaders have identified as many as 10 House Democrats who might switch parties, although he refused to provide details.

Meanwhile, he has advised GOP colleagues to forget about a postelection vacation. "We are telling Members to be prepared to start work right after Nov. 8," he said. "It will be like a massive corporate takeover."

LANGUAGE: ENGLISH

LOAD-DATE: August 03, 1994

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The Atlanta Journal and Constitution

October 5, 1994

SECTION: STATE NEWS; Section B; Page 3

LENGTH: 294 words

HEADLINE: ELECTION '94 Millner not party to GOP contract

BYLINE: By Ken Foskett STAFF WRITER

BODY:

State Republican candidates staged a major media event Tuesday that didn't include Guy Millner, the gubernatorial nominee who leads their ticket, and they signed an issues contract that left out the centerpieces of Millner's platform.

The Republican General Assembly candidates, appearing on the steps of the state Capitol to sign a "contract with the people of Georgia," sought to downplay any rift with Millner, but sent off a variety of mixed messages.

State Sen. Arthur "Skin" Edge described the contract as a "legislative effort," but said Republicans still wanted to "work together with the effort Guy Millner is making across Georgia."

Millner skipped the event on the Capitol steps and didn't sign the GOP's contract because he had a full day of events with "various supporters," said campaign spokeswoman Donna Pierson.

"Guy believes that this is a step in the right direction," said Pierson. "There are some proposals that Guy has put forth that were not included."

Chief among the missing pieces were Millner's call for a voter referendum on tax increases - a concept endorsed by Gov. Zell Miller - and Millner's proposal to disband the state Board of Pardons and Paroles.

Edge said Republicans "don't necessarily oppose" the tax referendum proposal and appeared to waffle on the parole board, saying the contract was about "the elimination or at least a vast reduction of" the board's powers.

Mimicking Rep. Newt Gingrich's "Contract With America" pledge in Washington last week, GOP candidates pledged to seek term limits, cut the Board of Education's administrative budget 10 percent and repeal the sales tax on food.

"This is Newt Gingrich's master plan to take control of the country," said Democratic Party spokesman Bill Florence.

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GRAPHIC: Photo: Republican candidates announce their "contract with the people," which excludes the centerpieces of their ticket leader's platform. At the podium is Rep. Steve Stancil of Canton.  
/ PHILIP MccOLLUM / Staff

LANGUAGE: ENGLISH

LOAD-DATE: October 7, 1994

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October 5, 1994 Wednesday, Final Chaser

SECTION: VALLEY AND STATE; Pg. B2

LENGTH: 282 words

HEADLINE: STATE GOP OFFERS OWN CAMPAIGN 'CONTRACT';  
VOWS INCLUDE TAX CUTS AND BETTER SCHOOLS

BYLINE: By Bob Golfen, The Arizona Republic

BODY:

Echoing last week's wholesale sign-up of faithful Republicans to a national "Contract With America," 59 candidates for Arizona offices gathered Tuesday to sign a GOP contract of their own.

Not to be outdone by the 10 promises on the national plan, the Arizona Republicans have devised a contract with 12 promises.

"When we're elected to office, we keep our word," Gov. Fife Symington said.

In front of the state Capitol beneath overcast skies, the candidates, officeholders and party leaders applauded each other as they were introduced. After the ceremony, each stepped forward to sign an oversize copy of the "Republican Contract With the People of Arizona."

The 12-step conservative program presents a laundry list of promises. It vows to limit government, cut taxes, improve education, support families, reduce waste, reform welfare, fight federal interference, and reform the legislative process, among other things.

The national contract was unveiled Sept. 27 on the steps of the U.S. Capitol, accompanied by a brass band. Spearheaded by House Minority Whip Newt Gingrich, R-Ga., it offers a Republican manifesto calling for such things as a balanced-budget amendment, congressional term limits and tax cuts.

All of the state's Republican candidates for U.S. House and Senate support the plan, and four congressional challengers - J.D. Hayworth, Matt Salmon, John Shadegg and Robert MacDonald - traveled to Washington to attend the festivities.

Their Democratic opponents immediately characterized the contract as a gimmick. The signers are falling prey to "the lures of national party politics and Washington lobbyists' money," Rep. Karan English said.

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LANGUAGE: ENGLISH

LOAD-DATE: October 8, 1994

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The Washington Post

October 5, 1994, Wednesday, Final Edition

SECTION: METRO; PAGE D6

LENGTH: 728 words

HEADLINE: Md. GOP Candidates' Contract Vows Tax Cut, Lobbying Reform

SERIES: Occasional

BYLINE: David Montgomery, Washington Post Staff Writer

BODY:

Nearly 100 Republican candidates for the Maryland General Assembly gathered in front of the State House in Annapolis yesterday and signed a "contract" with Maryland voters, promising to push for an income tax cut, lobbying reform and other measures if they are elected.

The Maryland GOP's gesture emulated the national party's contract-signing ceremony at the U.S. Capitol last week. But the Maryland document was quite different from the national contract, remaining silent on such issues as crime, welfare reform and term limits.

One by one, 96 incumbents and challengers stepped up to a card table on Lawyers Mall and solemnly signed copies of the contract. Then, turning boisterous and brimming with confidence about the coming election, the candidates chanted "Ellen, Ellen, Ellen," in honor of GOP gubernatorial nominee Ellen R. Sauerbrey, who signed the contract as well.

The contract promises voters that the minority party will:

\* Support a 24 percent tax cut, following the plan proposed by Sauerbrey;

\* Support a constitutional amendment to hold state spending growth to the rate of growth of Marylanders' personal income -- a cause Sauerbrey first championed as a delegate in 1979.

\* Make construction of public schools and prisons the priority of the capital budget and divert funds from other projects until those needs are met.

\* Support a constitutional amendment to require a two-thirds majority of both the House and Senate to approve any increase in the sales or income tax. A simple majority in both houses is the current requirement.

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\* Ban all gifts from lobbyists to members of the General Assembly and their staffs, including meals, entertainment and travel.

To ensure the passage of this agenda, the GOP would have to make stupendous gains in the general election. There are nine Republicans in the 47-member Senate and 25 Republicans in the 141-member House of Delegates.

Candidates acknowledged that the contract signing was in part a bid for publicity. But the Republicans said a serious political point also was being made.

"We're telling the public, if you elect Republicans, you'll get a different kind of government," said Del. Robert H. Kittleman (R-Howard-Montgomery), the minority whip.

Democrats were quick to denounce parts of the contract. "I think all of this was show and tell," said Del. Howard P. Rawlings (D-Baltimore), chairman of the appropriations committee.

"Was part of their platform where they are going to explain what they are going to cut" from the budget in order to cut taxes, asked Sen. Laurence Levitan (D-Montgomery), chairman of the budget and taxation committee. "[Sauerbrey] still hasn't said how she's going to pay for it."

The contract did not specify any cuts.

Del. Nancy K. Kopp (D-Montgomery) criticized contract language that labeled as "pork" much of the \$ 380 million capital budget not targeted for school and prison construction. "Let not tell you what some of the 'pork' was," she said, then listed more than \$ 100 million in money for hospitals, higher education, environmental programs and building maintenance.

Ken Rodgers, a director of Standard & Poor's Ratings Group, which has consistently granted Maryland a Triple A bond rating, said states should use caution when considering a constitutional amendment to tie spending to income growth.

Rodgers and an analyst for Moody's Investor Service, another bond-rating house, said they would want to see details of how Maryland would pay for unforeseen increases in mandated services during a recession, when growth in personal income might be small.

Some Democrats found parts of the contract attractive.

Rawlings said he liked the lobbying reform idea. "Of all the proposals, that probably in some form will have the greatest support," he said.

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Rawlings said he also was intrigued by the idea of increasing the majority needed to pass a tax increase.

The contract did not include a crime plank, such as Sauerbrey's proposal to abolish parole for violent offenders, because there is such consensus on the issue, Kittleman said. "Democrats are against crime, Republicans are against crime, and what we're trying to do is differentiate," he said.

The contract also did not deal with term limits, because Kittleman said it was not clear that an overwhelming majority of Republican candidates would support them.

LANGUAGE: ENGLISH

LOAD-DATE: October 5, 1994

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The Hotline

October 5, 1994

SECTION: NATIONAL BRIEFING

LENGTH: 280 words

HEADLINE: GOP CONTRACT: TAKING IT TO THE STATES

BODY:

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"In an unusual display of party unity," close to 100 GOP candidates for the MD state legislature joined GOP gov. nominee Ellen Sauerbrey to sign a five-point "Contract with Maryland" that "would cut income taxes, require a two-thirds vote of the legislature to raise taxes and shift construction spending from so-called 'pork' projects to schools and prisons." The contract "echoed" the GOP "Contract With America" signed by GOP House candidates last week (Waldron, Balto. SUN, 10/5). Similar "contracts" were signed in AZ, CT, GA, MD, MN, NC, ND, IN and WV 10/4. GOPers in MO, SC, NH, WA, and PA have already held similar events. In all, 26 states have either held events or plan to in October. RNC Chair Haley Barbour: "Just as the contract signed last week was drafted by the individual candidates, each state contract is being drafted by the candidates in that state. Each contract is unique, based upon the principles shared by all Republicans and the challenges faced in each state" (Republican Contract with America release, 10/3). Ex-DE Gov. Pete du Pont is coordinating the state "contract" efforts for the GOP.

LANGUAGE: ENGLISH

LOAD-DATE: October 5, 1994

Copyright 1994 Charleston Newspapers  
The Charleston Gazette

October 4, 1994, Tuesday

SECTION: News; Pg. P2A

LENGTH: 341 words

HEADLINE: STATE GOP CANDIDATES MEET TODAY

BYLINE: Jack McCarthy

BODY:

About 20 Republican candidates for state offices will meet at 2 p.m. today at the Capitol to sign the West Virginia version of the "Republican Contract With America." The party's candidates for congressional offices have also endorsed the contract.

But state Republicans drew the ire of the White House by endorsing their party's new economic platform.

On Monday, the White House Office of Media Affairs issued a news release saying West Virginia would experience a \$ 500 million cut in Medicare, and an estimated \$ 900 million cut in Social Security - about \$ 1,885 from the average senior's yearly check.

"If you look at the numbers, it's clear that their budget would be balanced on the backs of West Virginia's seniors," said House Majority Leader Richard Gephardt. "We will not allow another assault on the elderly. Democrats have fought for decades to preserve these programs, which give dignity and decency to the lives of millions of seniors."

White House Press Officer Jess Sarmiento said similar releases were sent to every state to answer the Republican "contract."

The contract is a 10-point program, including welfare reform, tax cuts, term limits, and a balanced budget amendment to the

Constitution.

State Sen. Donna Boley, R-Pleasants, co-chairwoman of the Republican Legislative Committee that promotes candidates, called the White House release, "scare tactics."

"We are hoping to offer some alternatives, and to work with conservative Democrats to change things," Boley said. "When Cleve Benedict ran for governor in 1992 and he offered to cut the sales tax, the Democrats scared the people half to death."

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The Republican candidates for West Virginia's three congressional seats have endorsed the contract, Boley said. They are Sam Cravotta, running against incumbent Bob Wise in the 2nd District;

Ben Waldman, running against incumbent Nick Rahall in the 3rd District; and Sally Rossy Riley, running against incumbent Alan Mollohan in the 1st District.

LOAD-DATE: January 30, 1995

98043064467

BEFORE THE  
FEDERAL ELECTION COMMISSION

In the matter of:

Michigan Democratic State )  
Committee and ) MUR 4215  
Barbara J. Rom, Treasurer )

DECLARATION OF BARBARA ABAR

1. I am the Media Director of Grunwald, Eskew and Donilon, the firm which purchased television time for the Michigan Democratic Party to run generic television advertisements during the 1994 general election campaign.

2. The advertisement which was run in Michigan was known as "Deal." A description of the video and the text of the audio are attached to this declaration. In addition to the video described, the advertisement which was broadcast in Michigan carried the disclaimer, "Paid for by the Michigan Democratic Party."

3. Broadcast time was purchased to run the advertisements in the Detroit, Traverse City, Flint and Lansing media markets during approximately the last week in October and first week of November 1994.

4. The total amount paid by the Michigan Democratic Party to Grunwald, Eskew and Donilon for the purchase of the television time was \$518,836.

I declare under penalty of perjury that the foregoing is true and correct. Executed on June 28, 1995.

*Barbara J. Abar*

Barbara Abar

9804361468

**"DEAL" DNC-TV**

**October 12, 1994**

**VIDEO:**

Footage of Republican candidates signing of Contract with America.

Chyron: Washington, DC  
September 17, 1994

Footage of a closed plant.

Headlines: "80s saw rich get richer, poor poorer, study says" (Los Angeles Times, 9/28/94).

"GOP robs future to write 'Contract with America'" (USA Today, 9/28/94).

"GOP's 'Contract' Missing Its Price Tag, Critics Say" (Washington Post, 9/28/94).

Close up of the contract.

Chyron: CUT MEDICARE  
CUT EDUCATION  
CUT VETERAN'S BENEFITS

Footage of Republican Candidates signing the contract.

Chyron: Why would we go back to that?

**AUDIO:**

ANNCR: The Republicans just met in Washington to sign a contract for America's future...

but it's really an echo of a failed past.

Huge tax cuts for the wealthy...billions in defense increases and gigantic new job-killing deficits.

And buried in the fine print is the rest of the deal...deep cuts in Medicare, education and Veteran's benefits.

The Republicans.

They fooled us once and we'll be paying the bills for generations.

Why would we go back to that?

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BEFORE THE  
FEDERAL ELECTION COMMISSION

In the matter of:

Democratic National Committee )  
and ) MUR 4215  
Robert T. Matsui, Treasurer )

JUN 30 4 14 PM '95  
FEDERAL ELECTION  
COMMISSION  
OFFICE OF THE CLERK

RESPONSE TO COMPLAINT

This memorandum is submitted by the Democratic National Committee ("DNC") in response to the complaint filed in this MUR. The subject of the complaint is a television advertisement which was run by the Michigan Democratic Party ("MDP") in Michigan during the 1994 general election campaign. The advertisement used the Republican Party's positions on various issues, as reflected in the Republican "Contract with America", to criticize the Republican Party.

The DNC paid for the production of several advertisements, including the one at issue, and made them available to state parties. The DNC treated the production costs as a generic voter drive activity, and paid for them according to the ratio prescribed in the Commission's regulations. The Michigan Democratic Party decided to run the advertisement in question. The DNC transferred to the Michigan Democratic Party sufficient funds to pay for television time to broadcast the advertisement. The Michigan Democratic Party apparently treated the advertisement as a generic voter drive activity, and paid for the costs of the television time on its ballot composition ratio.

The allocation of costs by the DNC and MDP were in full compliance with the Commission's regulations. Contrary to the allegations in the complaint, the advertisement did not mention or refer to any candidate or office. Further, the contents and concept of the "Contract with America" were used not only by Republican candidates for Congress, but by Republican candidates for state and local office throughout the nation. The advertisement thus clearly met the definition of a "generic voter drive activity" in the Commission's regulations. The DNC and MDP allocated the costs of this activity according to the ballot composition method, as prescribed in the Commission's regulations.

The national and state parties thus fully complied with the Commission's regulations in paying for this advertising. Therefore the Commission should find no reason to believe that the DNC has violated the Federal Election Campaign Act of 1971 as amended (the "Act") or the Commission's regulations, and should dismiss the complaint.

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FACTUAL BACKGROUND

In mid-October 1994, the DNC produced a series of four generic television advertisements for use by state Democratic parties in connection with the 1994 general election campaign. (See Complaint, Exhibit 1). The DNC paid the media firm of Grunwald, Eskew and Donilon ("Grunwald") for the production costs of the advertisements. The DNC treated the production of these advertisements as a "generic voter drive" activity and allocated the production costs 60% to its federal account and 40% to its non-federal account.

The MDP, after reviewing the various advertisements, decided to run one of them, entitled "Deal". (See Declaration of Barbara Abar, submitted with this memorandum). The text and a description of the advertisement are attached to the Abar Declaration.

The DNC transferred to the MDP sufficient amounts from the DNC's federal and non-federal accounts to cover the costs of purchasing television time to run the advertisement, on the assumption that MDP would treat the broadcast of the advertisements as a generic voter drive activity and allocate the costs between its own federal and non-federal accounts based on MDP's "ballot composition ratio" for the 1993-94 cycle. That ratio was 22% federal, 78% non-federal. (See report pages reflecting these transfers, attached as Exhibit 1 hereto.) MDP paid the Grunwald firm to purchase the television time. (Abar Declaration, paragraph 4).

The "Deal" advertisement was broadcast during approximately the last week of October and first week of November, 1994, up until Election Day, in the Detroit, Flint, Lansing and Traverse City media markets in Michigan. (Abar Declaration, paragraph 3). The advertisements carried the disclaimer, "Paid for by the Michigan Democratic Party." Id. paragraph 2.

DISCUSSION

The complaint alleges that the DNC and MDP made "prohibited expenditures" by using non-federal money for advertising "focusing on the congressional candidate Contract with America; which is a clear reference to Republican congressional candidates." (Complaint, p. 2). In fact, the DNC allocated the costs of production of the advertisements 60% to its federal account and 40% to its non-federal account, which is the ratio prescribed by 11 C.F.R. § 106.5(b)(2)(ii) for use by national party committees in allocating "costs of generic voter drives" in non-presidential election years. MDP presumably allocated the costs of the television time between its federal and non-federal accounts based on the ballot composition method pursuant to 11 C.F.R. §

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106.5(d)(1), which requires state party committees to allocate "their administrative expenses and costs of generic voter drives" in accordance with that method.

Both the DNC and MDP fully complied with the Commission's regulations in treating this advertising as a "generic voter drive" activity. The regulations define "generic voter drives" to include--

any . . . activities that urge the general public to register, vote or support candidates of a particular party or associated with a particular issue, without mentioning a specific candidate.

11 C.F.R. § 106.5(a)(2)(iv).

Running the television advertisement "Deal" was clearly a "generic voter drive" activity within the meaning of 11 C.F.R. § 106.5(a)(2)(iv). As a review of the text of the advertisement indicates, the advertisement was an effort to urge the general public to vote for Democrats and against Republicans, based on the Republican position on various issues including tax cuts, Medicare, education, veterans benefits and defense increases. The advertisement did not mention any specific candidate or, for that matter, any particular office. It did not mention or refer to the Congress or to candidates or elections for Congress. It referred only to "the Republicans" and concluded by criticizing the Republican party generally: "The Republicans. They fooled us once. . . . Why would we go back to that?"

To be sure, the advertisement at the outset briefly pictures and refers to, an event held in Washington on September 27, 1994, at which a number of Republican candidates for Congress assembled and literally signed a version of the "Contract with America."<sup>1</sup> This reference, however, clearly does not change the classification of this advertising, for purposes of the allocation regulations, as a "generic voter drive" activity.

First, a central purpose of the allocation regulations was to supplant case-by-case determinations of how to allocate various activities between federal and non-federal funds with specific rules that would apply in all cases to certain defined categories of activity. As the Commission explained in promulgating the allocation regulations, the regulations "specify explicit

<sup>1</sup> The advertisement pictures a large number of Republican candidates for Congress, as a group, for a few seconds at the beginning and again at the end of the advertisement. No particular candidate for Congress would be recognizable to the ordinary viewer, however, due to the large size of the group and the very short period of time during which it is pictured.

percentages or methods for allocation each category of allocable expense by each type of committee covered by the rules." Explanation and Justification, Methods of Allocation Between Federal and Non-Federal Accounts, 55 Fed. Reg. 26058 at 26059 (June 26, 1990). The Commission emphasized that

The revised regulations also eliminate the option of case-by-case approval of customized allocation methods through the advisory opinion process, as well as the option of allowing committees to rebut fixed allocation percentages by a showing of individual circumstances. These decisions were based on the Commission's concern that such open-ended options would be very difficult to administer, and would potentially allow many exceptions to the general rules.

Id. at 26062.

In this case, the Commission's definition of the "generic voter drive" activity category explicitly covers the advertisement in question. There is no other way to categorize it; in particular, by no stretch of the imagination could this advertisement possibly be categorized as being on behalf of any "clearly identified federal candidate" under 11 C.F.R. § 106.1(a). The Commission's regulations specify exactly how to allocate the costs of such activity. To require, or even allow, state party committees to revisit allocation decisions "case by case" based on the "individual circumstances" of each activity is precisely the approach rejected by the Commission in adopting the allocation regulations.

Second, even if the advertisement were subject to an analysis based on content, it should still be considered a "generic voter drive" activity. Unlike the advertisement analyzed in Advisory Opinion 1985-14, for example, this advertisement does not mention Congress, Republicans in Congress or Republican candidates for Congress. Further, the manifest intent and effect of this advertisement was to identify Republicans running for office at all levels with positions on certain issues which were being addressed by candidates in state and local races as well as federal races. The fundamental debate over tax cuts combined with cuts in social programs was one that took place in elections for governor, state legislative seats and municipal and county offices across the country.

Indeed, for precisely that reason, the Republicans themselves launched a massive program to use the contents and concept of the "Contract with America" to influence state and local races across the nation. In announcing the "Contract with America" at the September 27, 1994 Washington, D.C. event, then-Minority Whip Newt Gingrich stated that:

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Washington's not enough, you can't solve the problems just in Washington. . . . We now have over half the states in the country; by next Tuesday we'll have a state-level contract; in over 50 major counties the following Tuesday, there will be a local government contract, as the concept of reaching out and having a contract with the American people extends beyond just Washington.

(Transcript of Contract with America event, relevant pages attached as Exhibit 2). According to press reports, the RNC was then given the task of coordinating events to be held on October 4, 1994 in state capitals around the country. (See Roll Call article attached as Exhibit 3). According to an article in the National Journal, the RNC was working on events "similar to" the September 27 "Contract with America" event "around the nation on Oct. 4 and Oct. 11, at which state and county candidates will make pledges for action, based on a combination of party doctrine and local interests." (Exhibit 4). Additional press reports indicate that candidates for state and local office in a number of states did hold such events to sign or endorse "contracts" with their respective states, emphasizing the very issues in the "Contract with America" that were attacked in the MDP "deal" advertisement--namely, tax cuts and cuts in social programs. See press reports of state events attached as Exhibit 5.

In short, the positions and concept of the "Contract with America" were used by GOP state and local candidates, as well as federal candidates, across the nation. The "Deal" television advertisement produced by the DNC and run by MDP identified "the Republicans" with those positions and attacked them in order to persuade voters to vote against the "Republicans" at all levels, federal, state and local. The advertisement, therefore, was clearly a "generic voter drive activity" and in allocating the costs of the advertisement accordingly, both the DNC and MDP fully complied with the Commission's regulations.

Finally, it should be noted that MDP acted properly in using its own disclaimer and applying its own ballot composition ratio in allocating the costs of the television time. In MUR 2703, the Commission found reason to believe that the DNC had violated the Act by paying a vendor for advertisements which then ran under the disclaimer of a state party. The General Counsel's position, adopted by the Commission, was that:

If the DNC had transferred the funds to the [state party] who in turn paid the vendor. . . then the [state party] would be the correct party to appear in the disclaimer as the person who paid for the advertisement.

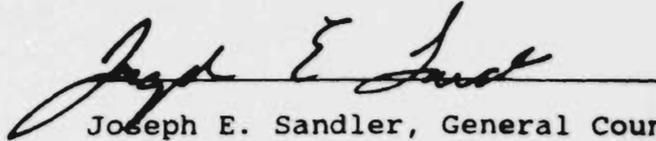
MUR 2703, Factual and Legal Analysis (RTB Feb. 28, 1989). Consistent with that position, the MDP was treated as the entity which paid for the advertisement.

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CONCLUSION

For these reasons, the Commission should find no reason to believe that the Democratic National Committee has violated the Act or the Commission regulations, and should dismiss the complaint.

Respectfully submitted,



Joseph E. Sandler, General Counsel  
Neil P. Reiff, Deputy General Counsel  
Democratic National Committee  
430 S. Capitol Street, S.E.  
Washington, D.C. 20003  
(202) 863-7110

Dated: June 30, 1995

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NAME OF COMMITTEE (in full)

JNC Service Corp

Democratic National Committee

Full Name, Mailing Address & Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
ARIZONA DEMOCRATIC PARTY 2005 N. CENTRAL SUITE 310 PHOENIX, AZ 85004	TRANSFER TO AFFILIATES  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/12/94	\$31,755 00
IOWA DEMOCRATIC PARTY 2116 GRAND AVENUE DES MOINES, IA 50312	TRANSFER TO AFFILIATES  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/12/94	\$4,313 00
MAINE DEMOCRATIC PARTY P.O. BOX 5258 AUGUSTA, ME 043025258	TRANSFER TO AFFILIATES  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/12/94	\$11,745 00
MICHIGAN DEMOCRATIC PARTY 606 TOWNSEND LANSING, MI 48933	TRANSFER TO AFFILIATES  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/12/94	\$35,970 00
MINNESOTA DEMOCRATIC FARMER LABOR PARTY 352 WACOUTA STREET ST. PAUL, MN 55101	TRANSFER TO AFFILIATES  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/12/94	\$29,063 00
MONTANA DEMOCRATIC PARTY O. O. BOX 802 HELENA, MT 59624	TRANSFER TO AFFILIATES  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/12/94	\$9,715 00
OHIO DEMOCRATIC PARTY 37 WEST BROAD STREET COLUMBUS, OH 43215	TRANSFER TO AFFILIATES  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/12/94	\$16,005 00
PENNSYLVANIA DEMOCRATIC PARTY 510 NORTH THIRD STREET HARRISBURG, PA 17101	TRANSFER TO AFFILIATES  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/12/94	\$27,563 00
WASHINGTON DEMOCRATIC PARTY P.O. BOX 4027 SEATTLE, WA 98104	TRANSFER TO AFFILIATES  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/12/94	\$87,320 00

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NAME OF COMMITTEE (in Full)

**DNC Service Corp** Democratic National Committee

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Full Name, Mailing Address & Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
IOWA DEMOCRATIC PARTY 2116 GRAND AVENUE DES MOINES, IA 50312	TRANSFER TO AFFILIATES  Disbursement for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/24/94	\$2,156.00
MICHIGAN DEMOCRATIC PARTY 606 TOWNSEND LANSING, MI 48933	TRANSFER TO AFFILIATES  Disbursement for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/24/94	\$15,043.00 ✓
MICHIGAN DEMOCRATIC PARTY 606 TOWNSEND LANSING, MI 48933	TRANSFER TO AFFILIATES  Disbursement for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/24/94	\$14,273.00 ✓
MINNESOTA DEMOCRATIC FARMER LABOR PARTY 352 WACOUTA STREET ST. PAUL, MN 55101	TRANSFER TO AFFILIATES  Disbursement for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/24/94	\$14,531.00
MONTANA DEMOCRATIC PARTY O O BOX 802 HELENA, MT 59624	TRANSFER TO AFFILIATES  Disbursement for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/24/94	\$2,683.00
MARYLAND DEMOCRATIC PARTY 224 MAIN STREET ANNAPOLIS, MD 21401	TRANSFER TO AFFILIATES  Disbursement for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/25/94	\$34,500.00
RHODE ISLAND DEMOCRATIC PARTY 1991 SMITH STREET PROVIDENCE, RI 02911	TRANSFER TO AFFILIATES  Disbursement for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/25/94	\$16,500.00
RICE, HARVEY 532 FITZWATER STREET PHILADELPHIA, PA 19147	In-Kind - Consulting Fees TRANSFER TO AFFILIATES New Mexico Dem. Party  Disbursement for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/25/94	\$1,000.00
OKLAHOMA DEMOCRATIC PARTY 116 E. SHENDAN STREET STE.G100 OKLAHOMA CITY, OK 73104	TRANSFER TO AFFILIATES  Disbursement for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/26/94	\$9,000.00

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NAME OF COMMITTEE (in Full)

**DNC Service Corp**

**Democratic National Committee**

Full Name, Mailing Address & Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
	Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		
Full Name, Mailing Address & Zip Code KENTUCKY DEMOCRATIC PARTY P O BOX 694 FRANKFORT, KY 40602	Purpose of Disbursement TRANSFER TO AFFILIATES	Date (month, day, year) 10/27/94	Amount of Each Disbursement This Period \$4,200.00
	Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		
Full Name, Mailing Address & Zip Code DELAWARE DEMOCRATIC PARTY 3409 LANCASTER PIKE WILMINGTON DE 19805	Purpose of Disbursement TRANSFER TO AFFILIATES	Date (month, day, year) 10/28/94	Amount of Each Disbursement This Period \$6,250.00
	Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		
Full Name, Mailing Address & Zip Code IOWA DEMOCRATIC PARTY 2116 GRAND AVENUE DES MOINES IA 50312	Purpose of Disbursement TRANSFER TO AFFILIATES	Date (month, day, year) 10/28/94	Amount of Each Disbursement This Period \$2,156.00
	Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		
Full Name, Mailing Address & Zip Code MAINE DEMOCRATIC PARTY P O BOX 5258 AUGUSTA ME 043325258	Purpose of Disbursement TRANSFER TO AFFILIATES	Date (month, day, year) 10/28/94	Amount of Each Disbursement This Period \$5,873.00
	Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		
Full Name, Mailing Address & Zip Code MAINE DEMOCRATIC PARTY P O BOX 5258 AUGUSTA ME 043325258	Purpose of Disbursement TRANSFER TO AFFILIATES	Date (month, day, year) 10/28/94	Amount of Each Disbursement This Period \$5,000.00
	Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		
Full Name, Mailing Address & Zip Code MICHIGAN DEMOCRATIC PARTY 606 TOWNSEND LANSING, MI 48933	Purpose of Disbursement TRANSFER TO AFFILIATES	Date (month, day, year) 10/28/94	Amount of Each Disbursement This Period \$37,648.00
	Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		
Full Name, Mailing Address & Zip Code MINNESOTA DEMOCRATIC FARMER LABOR PARTY 352 WACOUTA STREET ST. PAUL, MN 55101	Purpose of Disbursement TRANSFER TO AFFILIATES	Date (month, day, year) 10/28/94	Amount of Each Disbursement This Period \$14,531.00
	Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		
Full Name, Mailing Address & Zip Code MONTANA DEMOCRATIC PARTY O.O. BOX 802 HELENA, MT 59624	Purpose of Disbursement TRANSFER TO AFFILIATES	Date (month, day, year) 10/28/94	Amount of Each Disbursement This Period \$4,133.00
	Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		

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NAME OF COMMITTEE (in Full)

**DNC Service Corp**

**Democratic National Committee**

Full Name, Mailing Address & Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
TENNESSEE DEMOCRATIC PARTY 1808 WEST END AVENUE NASHVILLE, TN 37203	TRANSFER TO AFFILIATES  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/28/94	\$17,085.00
VIRGINIA DEMOCRATIC PARTY 1108 EAST MAIN STREET 2ND FLOOR RICHMOND, VA 23219	TRANSFER TO AFFILIATES  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/28/94	\$15,000.00
TENNESSEE DEMOCRATIC PARTY 1808 WEST END AVENUE NASHVILLE, TN 37203	TRANSFER TO AFFILIATES  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/31/94	\$40,000.00
VIRGINIA DEMOCRATIC PARTY 1108 EAST MAIN STREET 2ND FLOOR RICHMOND, VA 23219	TRANSFER TO AFFILIATES  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/31/94	\$25,000.00
ARIZONA DEMOCRATIC PARTY 2005 N. CENTRAL SUITE 310 PHOENIX, AZ 85004	TRANSFER TO AFFILIATES  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	11/ 1/94	\$10,227.00
MICHIGAN DEMOCRATIC PARTY 606 TOWNSEND LANSING, MI 48933	TRANSFER TO AFFILIATES  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	11/ 1/94	\$11,206.00
PENNSYLVANIA DEMOCRATIC PARTY 510 NORTH THIRD STREET HARRISBURG, PA 17101	TRANSFER TO AFFILIATES  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	11/ 1/94	\$35,675.00
TENNESSEE DEMOCRATIC PARTY 1808 WEST END AVENUE NASHVILLE, TN 37203	TRANSFER TO AFFILIATES  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	11/ 1/94	\$17,085.00
ARIZONA DEMOCRATIC PARTY 2005 N. CENTRAL SUITE 310 PHOENIX, AZ 85004	TRANSFER TO AFFILIATES  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	11/ 2/94	\$3,330.00

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ITEMIZED DISBURSEMENTS

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E OF COMMITTEE (in full)

**Democratic National Committee** Non - Federal Individual

928900403303.61434800

Full Name, Mailing Address & Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
MASSACHUSETTS DEMOCRATIC PARTY 45 BROMFIELD STREET 7TH FLOOR BOSTON, MA 02108	TRANSFER Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/11/94	✓ \$6,000.00
MASSACHUSETTS DEMOCRATIC PARTY 45 BROMFIELD STREET 7TH FLOOR BOSTON, MA 02108	TRANSFER Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/11/94	✓ \$25,000.00
MASSACHUSETTS DEMOCRATIC PARTY 45 BROMFIELD STREET 7TH FLOOR BOSTON, MA 02108	TRANSFER Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/18/94	✓ \$15,000.00
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MICHIGAN DEMOCRATIC PARTY 606 TOWNSEND LANSING, MI 48933	TRANSFER Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/11/94	✓ \$25,000.00
MICHIGAN DEMOCRATIC PARTY 606 TOWNSEND LANSING, MI 48933	TRANSFER Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/12/94	✓ \$127,530.00
MICHIGAN DEMOCRATIC PARTY 606 TOWNSEND LANSING, MI 48933	TRANSFER Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/18/94	✓ \$155,000.00
MIDDLESEX COUNTY DEMOCRATIC ORGANIZATION 258 ADIRONDACK AVE. SPOTSWOOD, NJ 08884	TRANSFER Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/18/94	✓ \$6,000.00
MINNESOTA DEMOCRATIC FARMER LABOR PARTY 352 WACOUTA STREET ST. PAUL, MN 55101	TRANSFER Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/12/94	✓ \$87,188.00

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NAME OF COMMITTEE (in Full)

**Democratic National Committee**

Non - Federal Individual

Full Name, Mailing Address & Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
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MICHIGAN DEMOCRATIC PARTY 606 TOWNSEND LANSING, MI 48933	TRANSFER  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/25/94	✓ \$75,000.00
MICHIGAN DEMOCRATIC PARTY 606 TOWNSEND LANSING, MI 48933	TRANSFER  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/24/94	✓ \$53,336.00
MICHIGAN DEMOCRATIC PARTY 606 TOWNSEND LANSING, MI 48933	TRANSFER  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/24/94	✓ \$50,603.00
MINNESOTA DEMOCRATIC FARMER LABOR PARTY 352 WACOUTA STREET ST. PAUL, MN 55101	TRANSFER  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/25/94	✓ \$35,000.00
MINNESOTA DEMOCRATIC FARMER LABOR PARTY 352 WACOUTA STREET ST. PAUL, MN 55101	TRANSFER  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/24/94	✓ \$43,594.00
MINNESOTA DEMOCRATIC FARMER LABOR PARTY 352 WACOUTA STREET ST. PAUL, MN 55101	TRANSFER  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/28/94	✓ \$43,594.00
MONTANA DEMOCRATIC PARTY P.O. BOX 802 HELENA, MT 59624	TRANSFER  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/25/94	✓ \$10,000.00
MONTANA DEMOCRATIC PARTY P.O. BOX 802 HELENA, MT 59624	TRANSFER  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/24/94	✓ \$6,568.00

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NAME OF COMMITTEE (in Full)

**Democratic National Committee Non - Federal MaxPac**

Full Name, Mailing Address & Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
MASSACHUSETTS DEMOCRATIC PARTY 45 BROMFIELD STREET 7TH FLOOR BOSTON, MA 02108	TRANSFER  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/31/94	\$35,000 00
MASSACHUSETTS DEMOCRATIC PARTY 45 BROMFIELD STREET 7TH FLOOR BOSTON, MA 02108	TRANSFER  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10/31/94	\$35,000 00
MICHIGAN DEMOCRATIC PARTY 606 TOWNSEND LANSING, MI 48933	TRANSFER  Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	11/ 1/94	\$173,207 00

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SEPTEMBER 27, 1994, TUESDAY

SECTION: CAPITOL HILL HEARING

LENGTH: 8271 words

HEADLINE: GOP " CONTRACT WITH AMERICA" EVENT  
WEST FRONT, U.S. CAPITOL

BODY:

REP. BOB MICHEL (R-IL): Well, good morning everyone. First, let me greet all my House colleagues and welcome our Republican challengers. I just want to say that if, as leader, I had a Republican majority like this all these years, this meeting would not have been necessary. (Cheers, applause.) Today, House Republican members and candidates stand together to publicly reaffirm pride in our party, belief in our principles and commitment to our policies. And today, Republicans stand together to solemnly pledge that under Republican leadership, the people's House, after decades of neglect and mismanagement, will be transformed, reformed and renewed. (Cheers, applause.) And we do not stand alone here today. We're joined in spirit by Republicans and Independents -- yes, many Democrats from communities all across the country -- who believe the Republican Party can provide Republican leadership, must provide that leadership, and will provide House leadership after the next election. (Applause.)

Fourteen years ago, on the east side of the Capitol, on the other side of this building, Republican incumbents and challengers gathered to publicly support the candidacy of Ronald Reagan. And in November of that year, Republicans won the Senate and reached a total of 192 Republicans in the House, and I was elected their leader. Those gains generated victory after victory for the Reagan program in the early months of the 97th Congress. It was my good fortune, of course, to have led that effort during the time. And today, as I prepare to leave the position my colleagues have so graciously entrusted to me for 14 years, I say to my fellow Republicans, in the 97th Congress we were able to accomplish great things with only 192 Republicans, but in the 104th Congress -- with many, many more Republicans -- you can accomplish so much more, mark a new glorious chapter in the history of our party in the House of Representatives. (Cheers, applause.)

Some say, "Why ask Republicans to stand on the Capitol steps, since Washington is so unpopular these days?" And my reply is,

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each Republican who stands here has brought along the common sense and the values of the communities they represent or will soon represent. Republicans are not here to bring the values of Washington to the rest of the country as the Democrats have for years; Republicans are here to bring values of the rest of the country here to Washington. (Cheers, applause.) And in January 1995, Republicans will march up the steps of the Capitol into the House Chamber and begin a housecleaning the likes of which hasn't been seen in this town for generations. (Cheers, applause.) That's why we're here on these steps, as a rehearsal for the real thing in January.

My friends, I'll not be able to be with you when you enter that promised land of having that long sought-after majority control of the House of Representatives. I can only stand here with you today and see that vision from afar. But that's enough for me because I know that what you accomplish will be the culmination of the dream of House Republicans for many years.

My friends and colleagues, it has been wonderful for me to have been part of our party's past, but it's even better today to see our party's future standing here before me.

And now it's my great personal pleasure to introduce Ileana Ros-Lehtinen of Florida, who will lead us in the pledge of allegiance to the flag. Ileana? REP. ILEANA ROS-LEHTINEN (R-FL): Thank you. Please join us for the pledge. I pledge allegiance to the flag of the United States of America, and to the republic for which it stands, one nation, under God, indivisible, with liberty and justice for all.

It is my pleasure now to introduce the esteemed chairman of the Republican Policy Committee, Congressman Henry Hyde of Illinois. (Cheers, applause.) REP. HENRY HYDE (R-IL): Will you join me in prayer?

Almighty Father, we are a diverse people who call you by many names, but to us all you are the lord of life, our God the most merciful. Be merciful now to our troubled world and to our worried nation. Out of today's tribulations bring tomorrow's rejoicing. We are not here to pray for political victory; we only ask that by pursuing our earthly goals, we will be doing your heavenly will. To a nation weary of evasion, help us bring commitment. To a people uncertain of the future, make us messengers of the rebirth of hope. Most of all, for those forgotten amidst the crush of competing interests, let us be seekers of justice. Fire our hearts with compassion for the needy, the helpless, the least of our brethren. Keep us true to the words we speak this day and faithful to the contract we sign, so that all our deeds may be as mighty as justice, all our speeches as eloquent as truth, and so this Capitol building before which we stand united will once again be a place of honor and a temple of freedom. Amen.

It's my honor to present to you the distinguished chairman of the House Republican Conference, the gentleman from Texas, Dick Arney. (Cheers, applause.) REP. DICK ARNEY (R-TX): Ladies and gentlemen, for all the good people of America, today we enter a new era in American government. Today one political party is listening to the concerns of the American people, and we are

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responding with specific legislation. We are united here today, over 150 current members of the House and over 200 candidates, united in the belief that the people's House must be wrested from the grip of special interests and handed back to you, the American people. (Applause.)

Unhappily, Americans today are cynical. They are tired of broken promises, tired of being misled, tired of spin from a White House that seems to govern on the principle that you can fool the people some of the time, and tired of a Congress that raises their taxes and wastes their money. Through the lens of C-SPAN's cameras, Americans are dismayed by the sight of a revered institution corrupted by absolute power, a House of Representatives that now routinely stifles free and open debate, cobbles together thousands of pages of bills behind closed doors, and refuses to live by the laws it imposes on everyone else, and -- most damaging -- has adopted as its central philosophy the belief that ordinary people cannot be trusted to spend their own money and make their own decisions.

If the American people are willing to let us, we're going to change all that. Today we Republicans are signing a contract with America. We pledge ourselves in writing to a new agenda of reform, respect and renewal -- reform of Congress and other government institutions, respect for the people we serve and represent, and renewal of the American dream that each day seems to slip further from the grasp of too many of America's families. We make this explicit offer: Give us major control of the House of Representatives for the first time in four decades, and we will bring to the House floor on the first day real congressional reform. (Cheers, applause.) In the first 100 days, we will bring to the vote 10 bills that would have an immediate and real impact in the lives of ordinary Americans. We will bring all these bills to the floor for an up-an-down vote and with open and fair debate where everyone's views are heard as we embark in a new direction for Congress and a new partnership with the American people.

We put these bills in a contract so people can hold us accountable, and there's an enforcement clause. We explicitly state, if you give us control and we don't do what we say, throw us out. We mean it. (Applause, cheers.) We mean it, and we take it as an article of faith that the American people will mean it, too. Our contract with American Agenda has been put together by everyone you see here today, working together to draft common-sense legislation to address the many real problems where government can play a proper role. The 10 bills that make up our Contract with America are available now in full legislative language, unlike the current ruling party in Congress that routinely forces to vote on 1,000-page bills without a chance to read them. We are not afraid to subject our work to the purifying light of day. Let me say that again. Unlike the current ruling majority in Congress that repeatedly brings 1,000-page bills to the floor and does not give us a chance to read them, we are willing to let our work be seen in the light of day, now, today. (Cheers, applause.)

We are making a contract today to run Congress in the open with

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full participation of the American people if you just give us the opportunity. Our contract with America is just the opening 100 days of accountable government. The contract is not the answer to every problem facing America today; it is an honest beginning and an effort to invest this election with some positive meaning, because running solely against an unpopular president would only deepen the public cynicism.

Winston Churchill once said Americans always do the right thing -- after they've exhausted every other possibility. (Laughter.) After 40 years of uninterrupted control, the Democrats have exhausted every other possibility. (Cheers, applause.) It's time for the Republican Party to accept the role of leadership the American people are demanding.

Today we pledge to begin by bringing relief to the average family, which now pays more in taxes than food, shelter and clothing combined, by cutting the size and influence of the federal government and by restoring accountability to the political process. In short, we propose to cede back power from the hallowed halls of Congress to the more hallowed kitchen tables of America where night after night families bow their heads in thanks and make decisions about education, charity, values, jobs, spending and balancing budgets with a wisdom and a compassion that no number of agency heads, cabinet secretaries or members of Congress could ever match. Our contract recognizes the limits of government and the unlimited contribution of husbands, wives, mothers, fathers, children and grandparents in a safe and prosperous America. It is now my pleasure to introduce Congressman Bill Paxon of New York, who chairs the National Republican Congressional Committee. Bill made sure that candidates had as much input into this document as sitting members, and he is largely responsible for the prospect of electing the first Republican House majority in 40 years. (Applause.)

REP. BILL PAXON (R-NY): Thank you very much. Ladies and gentlemen, this is truly an historic day. It was 40 years ago when Republicans were last in the majority, the same year that I was born. We lost our majority in 1954 and I've felt guilty ever since. (Laughter.)

Today is the day we as Republicans make our compact with the people to take back their House and restore faith in the institution of the Congress. (Applause.) Ladies and gentlemen this contract is truly of, by, and for the American people. It's tenets rise from the common sense of the coffee shop, the business sense of Main Street, and the values that come from folks in living rooms, in towns large and small across the great land that lies in front of this capitol. The problem with our Democrat colleagues who find fault with this contract is clear. It's been 40 long years since they've left this building. It's 40 years since they walked down these stairs. 40 years since they've listened to folks back home, in those coffee shops, along those Main Streets. While the Democrats have huddled here pursuing their agenda, the men and women gathered on these steps have listened back at home, and today bring the American people's agenda, this Contract with America, to the people's house.

Let's give a hand to those who played a key role, as architects of this historic contract. The 200 candidates who will compose the Republican class of 1994 in the United States House of Representatives. (Applause.)

Now, I'm very pleased that our candidates and our incumbent members will be presenting each of the ten planks of our platform, our Contract with America. And the first group to come forward is led by Lamar Smith, a member from Texas, and joined by three candidates, outstanding candidates. From Connecticut Ed Munster (sp), from Wisconsin Mark Newman (sp) and making the presentation on behalf of this group, from New York, Bob Mopper (sp). Please come forward. (Applause.)

BOB MOPPER (sp) (New York Congressional Candidate): I am proud to stand before you today to present our contract with America. For you see this is no ordinary political document, this contract is a unique experience in American history. It was not written by special interest groups or the lobbyists. It was not pushed on us by national leadership. No, Contract with America was created by all of us. Individually, and together, we heard what our voters were saying and we have chosen to act on it. We are ready to prove business in (sic) usual in Washington just won't do. It's time to return government to the people.

Isn't it time we hold Congress accountable for how much they spend and for what? (Cheers, applause.) The people demand responsibility from Congress. This madness must stop. Our contract with America begins with fiscal responsibility. Just as every American sits at their kitchen table and has to balance a budget, and just as every small business has to balance their budget, Congress must begin balancing our nation's budget. That's why in the first 100 days of a Republican House, we will vote on the Fiscal Responsibility Act. Our contract with America calls for a balanced budget amendment to the Constitution. (Applause.) And to keep Congress from passing the bill to you, our balanced budget amendment requires a three-fifths vote to raise taxes. (Cheers, applause.) And to increase accountability for the budget, our contract calls for a line item veto to give the president, Republican or Democrat, the authority to cut wasteful pork-barrel spending. (Cheers, applause.) Now, balancing our budget will not be easy. It will require a fundamental restructuring of government. We believe the American people are ready for government that does less of the wrong things but does the right things well. The balanced budget amendment is supported by 80 percent of the American people. As the ruling party in Congress has ignored the people on most issues, it has also ignored them on spending, as well. By twisting arms to block the balanced budget amendment, the ruling party has protected its irresponsible tax and spend policies that have weakened this great nation. With the help of the American people, we will put our fiscal house in order.

Thank you very much. (Cheers, applause.)

REP. : Our next group of presenters, the Taking Back Our Streets Act, led by a Republican member, Bill McCollum from the State of Florida. He is joined by former colleague and soon-to-be colleague again, Frank Riggs from California, Kenny Holsof (sp)

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from Missouri, and making the presentation, Megan O'Neil (sp) from the state of Michigan. (Applause.)

MEGAN O'NEIL (sp) (Michigan Congressional Candidate): Thank you. Isn't an essential part of the American dream the ability to live free of fear? The American dream cannot survive without safety and security for individual Americans, for all of us. When our children are afraid to attend school, when a husband and wife are afraid to walk to their grocery store, and when society as a whole is being threatened, government must meet its responsibility to protect our schools, our streets and our neighborhoods.

Our Contract with America calls for tough punishment for those who prey on society. For too long, Washington has refused to get tough. And even when they sound tough, there are always loopholes that benefit the criminals, not the victims. Our contract will make the death penalty real. No more endless appeals.

(Applause.)

And we will cut the pork in the recently passed crime bill in order to build real prisons. (Applause.) And we will require criminals to serve their sentences, not have them back on the streets to terrorize again and again. (Applause.) And to make criminals more accountable, we will force them to pay full restitution to their victims or their victims' families.

(Applause, cheers.) And to those who commit felonies with guns, let me be particularly clear: We will require 10 years in jail minimum -- no exceptions. (Applause, cheers.)

We call this bill the Taking Back Our Streets Act, and it will be voted on in the first 100 days of a Republican House. It's time all of us felt safe and secure once again.

Thank you. (Applause.)

REP. PAXON: Megan, thank you very much.

Next, the Personal Responsibility Act led by two members, Dave Camp from Michigan and Jim Talent from Missouri, joined by three of our next generation of representatives, Roger Wicker (sp) from Mississippi, Andrea Seastrand (sp) from California, and making the presentation, Steve Shavit (sp) from the state of Ohio.

(Applause.)

MR. SHAVIT (sp) (Ohio Congressional Candidate): Isn't it time for the government to encourage work rather than rewarding dependency? (Cheers, applause.) The Great Society has had the unintended consequences of snaring millions of Americans into the welfare trap. Government programs designed to give a helping hand to the neediest of Americans have instead bred illegitimacy, crime, illiteracy, and more poverty. Our contract will change this destructive social behavior by requiring welfare recipients to take personal responsibility for the decisions they make.

(Cheers.)

Our contract will achieve what some 30 years of massive welfare spending has not been able to accomplish. We must reduce illegitimacy, require work, and save taxpayers money. (Cheers, applause.)

To reverse the skyrocketing out-of-wedlock births that are ripping apart our nation's social fabric, we provide no welfare to teen-age parents, and we require that paternity and

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responsibility be established in all illegitimate births where welfare is sought. (Cheers, applause.) To ensure that welfare offers a helping hand rather than a handout, we require that welfare beneficiaries work so they can develop the pride and self-sufficiency that comes from holding a productive job. We are pledging truly to end welfare as we know it. (Cheers, applause.)

America can still be the land of opportunity for all Americans, but to succeed we must make a break from the failed welfare policies of the past. Within the first 100 days of a Republican Congress, we will do just that, by voting on the Personal Responsibility Act.

Thank you. (Cheers, applause.)

REP. PAXON: Next, the Family Reinforcement Act, led by our member from the state of Nevada, Barbara Vucanovich, and joined by John Pappageorge (sp) from Michigan, Tim Lefevre (sp) from California, and -- making the presentation -- Jean Lysing (sp) from the state of Indiana. (Cheers, applause.) JEAN LYSING (sp) (Indiana Congressional Candidate): Should we do more to protect and strengthen the American family?

AUDIENCE: Yeah! (Applause.)

MS. LYSING (sp): The American family is at the very heart of our society. It is through the families that we learn values like responsibility, morality, commitment and faith. Today it seems the values of the family are under attack from all sides -- the media, the education establishment, and -- yes -- big government.

Our Family Reinforcement Act is pro-family because it recognizes the value of families. We will strengthen the rights of parents to protect their children against education programs that undermine the values taught in the home. We will crack down on deadbeat parents who avoid child support payments. Our contract protects children by increasing the penalties for assaults against children and by getting tough on child pornography.

(Cheers, applause.) We will encourage adoption by providing a tax credit to assist families with the high cost of adoption. And our contract helps ease the financial cost of caring for elderly loved ones by creating a tax credit for dependent care.

(Applause.) After 40 years of putting government first, Republicans will put families first by voting on the Family Reinforcement Act in the first 100 days of our majority in the House. It's a change long overdue. (Cheers, applause.)

REP. PAXON: Next, the American Dream Restoration Act. Our presenters led by Henry Hyde from Illinois, joined by Tad Jude (sp) from Minnesota, John Christensen (sp) from the state of Nebraska, and our presenter is the giant-killer from the state of Washington, Senator Linda Smith. Come on up. (Cheers, applause.)

LINDA SMITH (Washington Congressional Candidate): Looks like we lost our leader, but I bet we'll do just fine anyway.

Do you think your tax bills are too high?

AUDIENCE: Yes!

MS. SMITH: That you aren't getting what you pay for out of Washington? AUDIENCE: Yes!

MS. SMITH: You know, in 1992, America was promised a middle-tax

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tax relief package. However, the promise of the middle class tax cut quickly turned into the largest tax increase in American history. (Audience boos. Laughter.) Good job! (Laughter.) In the first hundred days of an American Republican Congress, we -- (cheers.) Sounds good, doesn't it? We're gonna make good where others have failed, on the American Dream Restoration Act. Our contract recommends that we build families back in as the building block of society. Unique idea, huh? (Applause.) Renewing the American dream is our goal, and renewing that dream starts at home with the family. To help families reach the American dream, our contract calls for a \$500 per child tax credit to make raising families and kids just a little bit easier. (Cheers, applause.) This credit will actually cut an average family that has an income of \$28,000 tax burden by a third. We're not just talking, we're gonna do it. Second, we'll begin to repeal the marriage tax penalty.

AMERICA (Applause.)

The government should reward, not punish, those who enter into the sacred bonds of marriage.

And, finally, we will create American dreams savings accounts to make it easier for average families to save money, buy a home, pay for medical expenses and send their kids to college.

Renewing the American dream is what this contract is all about. By strengthening our families we strengthen America. Thank you. (Applause.)

REP. ? : Now the National Security Restoration Act. Our presenters, led by Bob Livingston from Louisiana, joined by Jim Nelupa (sp?), Orson Swindal (sp) from Hawaii, Walter Jones, Jr., from North Carolina, and the presenter from this group, Saxbe (?) Chambliss (sp) from the state of Georgia. MR. CHAMBLISS (sp): Isn't national defense the first and foremost priority of the federal government. (Cheers, applause.) For 40 years prior to the fall of the Berlin wall, Americans stood shoulder to shoulder with international communism and we won. But with the end of the Cold War, some have taken to raiding the defense budget to fund the social welfare programs and U.N. peacekeeping programs. Our defense forces have been cut so deeply that we risk a return to the hollow military of the 1970s and for the first time in our history, American troops have served under U.N. command. (Boos, groans.) A Republican House will change this. A Republican House will change this by voting on the National Security Restoration act within our first one-hundred days. (Applause, cheers.)

Our contract with America includes putting a stop to putting American troops under U.N. command; to stop raiding the defense budget to finance social programs and U.N. peacekeeping; and to stop gutting Ronald Reagan's vision of protecting America against nuclear or chemical attack. (Applause, cheers.) Republicans are committed to a defense against missile attacks from terrorist states such as North Korea, Libya and Iran.

Providing for the common defense is the first duty of our government. It is not optional. With Republicans in the majority, we will stop undermining our military and give Americans security with peace of mind. (Applause.) REP. PAXON: Our Senior Citizen Fairness Act, led by Denny Hastert, member

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from the state of Illinois, and joined by J.D. Hayworth (sp) from Arizona, Enid Green Waldholtz (sp) from Utah, and -- making the presentation -- the next member from the state of Texas, Bobby Ortiz. (Applause.) BOBBY ORTIZ (Texas Congressional Candidate): Don't senior citizens deserve a break rather than a tax hike?

AUDIENCE: Yeah! (Applause.)

MR. ORTIZ: (Speaks in Spanish.)

AUDIENCE: Si! (Applause.)

MR. ORTIZ: Americans today are living longer and reaching their retirement years in better health than ever before. Our senior citizens have taken this great nation through incredible years, and we owe them a tremendous debt of gratitude. Don't you agree? (Cheers, applause.)

Too many seniors are now facing effective marginal tax cuts of over 50 percent, a rate much higher than that of other Americans. That is why our contract calls for the repeal of last year's tax increase on Social Security benefits. (Cheers, applause.) And for those between the ages of 65 and 69, we will raise the Social Security earnings limit threefold to \$30,000 so that we may continue working if they so choose. Washington should not be in the business of driving productive seniors out. We should be in the position of offering them to invest in the great future and transferring their great knowledge to our great youth of America. (Cheers, applause.)

We also call for tax incentives to help older Americans purchase long-term care insurance so they can better afford the high health care costs that may be coming to them in later years of life. Senior citizens are threatened every day by bigger and bigger government, higher inflation and higher taxes. We will address these problems in our first 100 days by voting on the Senior Citizens Fairness Act. Our contract treat seniors with the respect they deserve, and we offer positive solutions to help those who have given so much and who made us the great nation we are today.

(Applause.)

REP. PAXON: Next, the Job Creation and Wage Enhancement Act, led by two members, Tom DeLay from Texas and Jim Saxton from New Jersey, joined by three of our next House Republicans, Barbara Rubin (sp) from the state of Wyoming, Rick White (sp) from Washington State, and making the presentation, from the state of Missouri, Ron Freeman (sp). (Cheers, applause.)

MR. FREEMAN (SP) (MISSOURI CONGRESSIONAL CANDIDATE): Isn't it time to get government off of our backs? (Cheers, applause.) Government needs to understand that our problems will not be solved by big programs, but by common sense people; that in fact, most of the problems we face today have been created by irresponsible government and we need to change that. (Applause, cheers.)

In fact, the current economic recovery which began in 1992 is being jeopardized today by excessive taxation and overburdensome regulations that throttled the hand of business to be about the work of creating jobs and opportunity for people. (Applause.) If you, the American people, will elect a Republican majority in

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1994, in the first 100 days of the 1995 season we will bring to vote -- it's a football term -- (laughter) -- we will bring to vote the Job Creation and Wage Enhancement Act to make a difference for American citizens that work hard and want to make our country great. (Applause.)

We need to roll back tax rates; they're working against investment today. We need to stop the unfunded federal mandates that throttle the work of state and local municipalities from doing their jobs effectively. (Cheers, applause.) And in order to renew the American dream, we need a growing economy that will provide jobs and opportunity, to give the youth of this nation a hope and a future and restore once again what Thomas Jefferson called the world's last best hope for freedom.

Thank you very much. (Cheers, applause.)

REP. PAXON: Next, the Citizen Legislature Act, led by the member from the state of Georgia, John Linder, and joined by Kevin Vigilante (sp) from Rhode Island, Mary Alice Asavado (sp) from California, and making the presentation, Jim Dietz (sp) from Texas. (Applause.)

JIM DIETZ (sp) (Texas Congressional Candidate): Isn't it time we sent the professional politicians a message? That politics should not be lifetime job. (Cheers, applause.) The founding fathers envisioned a legislature accountable to the people. A citizen legislature. Not a House of Lords. (Applause.) A House of Lords that's entrenched in Washington, and removed from the concerns of the very people who elected them. Today, instead of constituents choosing their Congressmen, too often Congressmen choose their constituents in districts gerrymandered to protect the elite power structure of the last 40 years. (Applause.) Today the Speaker of the House sues his own state to block the voter's call for term limits. (Boos.) Yet, lawsuit or not, term limits movement is sweeping this nation, and eight out of ten Americans support the idea. (Applause.) The Democrats won't even debate the issue of term limits. We will. Our Contract with America will guarantee the first ever vote on a constitutional amendment for term limits. (Applause.)

Within the first 100 days of a Republican House, we will vote on the citizen legislature act. The strength of the grass roots term limits movement comes from the fact that Washington is simply out of touch with Middle America. But we are listening. We hear you., Our Contract with America is the agenda of the American people, not of the establishment in Washington DC. Thank you very much. (Applause.)

REP. PAXTON: Now as we prepare to present our last group of presenters, just one comment. For the past year, it's been my great honor as campaign chair for House Republicans to have met these and a thousand men and women who have come forward to run for the House from across this great country on the Republican ticket. It is for the first time in history that there are more Republicans running for Congress than Democrats. That's a real message. (Cheers, applause.)

But, ladies and gentlemen, as you can see today, it's not only important that across this great country a record number have come forward, but as you can see, they are also the best

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qualified ever in the history of this country seeking the House of Representatives. (Cheers, applause.)

Now it's a pleasure to present the last group of presenters who will be making the Common Sense Legal Reform Act presentation, led by Jim Ramstad from Minnesota, and joined by Greg Gansky (sp) from Iowa, Dave McIntosh (sp) from Indiana, and making the presentation from Texas -- Dick Arney -- we have all Texans here today -- Jo Baylor (sp). (Cheers, applause.) JO BAYLOR (sp) (Texas Congressional Candidate): Isn't it time to clean up the court system?

AUDIENCE: Yeah! (Applause.)

MS. BAYLOR (sp): Frivolous lawsuits and outlandish damage rewards make a mockery of our civil justice system. Americans spend an estimated \$300 billion a year in needlessly higher prices for products and services as a result of excessive legal cost. The delays and costs caused by legal abuses put the legal system out of reach of most average Americans. Our contract with America includes a package of common sense legal reforms that will put justice back in our civil justice system.

Within the first 100 days of a Republican House we will vote on the Common Sense Legal Reform Act. Our bill penalizes frivolous lawsuits by making the loser pick up the winner's legal fees. (Cheers, applause.) It also imposes mandatory penalties on lawyers who abuse the system. (Cheers, applause.) It curbs the use of junk science in court and requires so-called "experts" to be real experts. (Cheers, applause.) It helps lower prices by curbing abuses in product liability, stopping runaway punitive damages, and by directing legal blame at only those responsible for the injury. (Cheers, applause.) With our package of common sense legal reforms, we can eliminate excessive cost and long delays, and we can restore fairness to the American court system. The time has come. (Cheers, applause.) On behalf of the 300-plus Republican congressional candidates, we are proud to present to the voters of our districts this contract, a contract which gives voice to those who have lost faith in their government.

Contract with America is our sacred pledge to millions of hardworking, tax-paying, patriotic Americans that we will put their needs before those of the special interests, that we will listen to their will and return their government to them.

Respecting the judgment of our fellow citizens as we seek the mandate for reform, we hereby pledge our names to this Contract with America. It is -- (applause.) And now it is my great privilege and also my great honor to introduce the next speaker of the people's House, Newt Gingrich. (Cheers, applause.)

REP. NEWT GINGRICH (R-GA): Thank you very much, Jo (sp). Let me say first that before we enter into dealing with the 10 bills, on the very opening day, we will have a series of eight reforms. And I in particular want to thank David Dreier and Jennifer Dunn, who chaired the working group that produced this. And I want to say to every American that we believe in this contract and these reforms so deeply that we have not only put them in writing today, but that they will be in a full page ad in TV Guide that we encourage every American -- when that ad comes out, which I believe is October 27 -- to tear that page out, to stick it on

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your refrigerator till January 3rd, and then to join us. And I want to promise every American that we will have the same ad at the speaker's desk every day until we meet our obligations, and we will begin the session every day by rereading the ad until we have met our obligations, and we will keep our commitment to keep our half of the contract, with the help of the American people. (Cheers, applause.)

On the first day of the 104th Congress, the new Republican majority will immediately pass the following major reforms aimed at restoring the faith and trust of the American people in their government. First, require all laws that apply to the rest of the country to also apply equally to the Congress. (Cheers, applause.) Second, select a major independent auditing firm to conduct a comprehensive audit of Congress for waste, fraud and abuse. (Cheers, applause.) Third, cut the number of House committees and cut committee staffs by one-third. (Cheers, applause.)

Fourth, limit the term of all committee chairs. (Cheers, applause.) Fifth, ban the casting of proxy votes in committee. Sixth, require committee meetings to be open to the public. (Cheers, applause.) Seventh, require a three-fifths majority vote to pass a tax increase. (Cheers, applause.) And eighth, guarantee an honest accounting of our federal budget by implementing zero-base, line-item budgeting -- baseline budgets. (Cheers, applause.) I'm sorry, that's baseline budget.

Let me say in a larger scale, this is truly, in a way that very few political events ever are, an historic event. For all those who are tired of negative attacks, smear campaigns, for all those who have asked political parties to get together and be a responsible team, for all those who said we have to deal in a positive way with the challenges of America's future, I hope that you listened to each of our candidates as they outlined each of the 10 bills that we have committed in our contract to bring to the floor.

And I hope every person will realize, this is an enormous undertaking. I want to thank in particular Bob Michel, who has been an extraordinary leader in reaching out to everyone in the conference and encouraging us to be daring and to be bold and to launch this effort. And Bob, we literally would not be here today without your support and your help. (Applause.)

And I want to thank Dick Arney and all the incumbents who worked so hard to make sure that we actually had substance and that today we're not just offering promises but we are actually releasing the text of the bills. Now, that's an enormous step in the right direction toward specificity. I want to thank Bill Paxon and the candidates who worked together to make sure that we had input, that everybody running for office, across the country, had an opportunity to advise us.

I want to recognize the Republican National Committee chairman who is here, Haley Barbour, who has done a tremendous job. (Cheers, applause.) And we're particularly grateful to Haley because it is his committee that is putting the ad in TV Guide, and without him we couldn't reach the country. I also want to recognize Governor Pete DuPont of Delaware. Governor DuPont?

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(Applause.) Governor DuPont came to us about two months ago and said, Washington's not enough, you can't solve the problems just in Washington. And with his leadership and Haley Barbour's support, we now have over half the states in the country; by next Tuesday we'll have a state-level contract; in over 50 major counties the following Tuesday there will be a local government contract, as the concept of reaching out and having a contract with the American people extends beyond just Washington, D.C. (Applause, cheers.) Finally, I want to single out Barry Jackson and Carrie Nod (sp) and the staffs who worked on this. This is, as you look around here, an enormous undertaking, and without tremendous support from literally hundreds of staff people, we couldn't be here. And yet we were asked as recently as this morning why are we here, why not just run against the Clinton administration and its collapsing public support? (Laughter.) And in the spirit of total honesty, I have to say, when you watch them collapse this badly, it is tempting. (Laughter, applause.) But it's not good enough. The fact is that America is in trouble, and our trouble extends beyond the White House.

The fact is, as a history teacher, I would insist that it is impossible to maintain American civilization with 12-year-olds having babies, 15-year-olds killing each other, 17-year-olds dying of AIDS, and 18-year-olds getting diplomas they can't even read. But this is a crisis of our entire civilization, and within a half mile of this building these conditions happen in our nation's capital, and they happen in every major city and they happen in West Virginia and they happen in most Indian reservations and across this country. We are failing in our obligation to the children of America.

Think of America as a giant family of 260 million people of extraordinarily diverse backgrounds riding in a huge car down the highway trying to pursue happiness and seek the American dream. And, of course, in America, every one of those 260 million can define for themselves the dream they want to pursue. We suddenly started having blowouts.

A tire blew out because we couldn't make the transition to the information age and all of its great promise of better jobs and better services and greater opportunities.

And then a tire blew out because we haven't finished making the transition from a national economy to truly being competitive in the world market, to recognizing that we create local jobs through world sales. And that means our children aren't just getting educated so that Georgians can compete with Texans; our children are getting educated to compete with Germans and Chinese and Japanese and across the planet.

And then a tire blew out because the welfare state failed so totally, and it's so clear we have to replace it with an opportunity society. And with three blowouts, the American family car began to have a terrible ride, and people were anxiety-ridden. They're worried about their job. They're worried about their children's education. They're worried about their children's education. They're worried about their government. They're worried about their safety. But no

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politician and no reporter would get out of the car, and our campaigns consisted of promises that "if only you'd elect me to be the person who steers, I'll steer smoothly." And so we'd elect each promise, and they'd get behind the wheel, and the fact is we had three flat tires and the ride got bumpier. And so we got madder. And then the fourth tire blew out, and trust broke down between government and the governed.

Let me just say to all of you, while we believe in our contract, and while we're all gathered here, we are not going to fix the American family car, we're not going to replace all four of those tires here in Washington, DC. The fact is every American is going to have to be willing to get out of the car, every American's got to be willing to roll up their sleeves, every American's going to have to be willing to sweat and to work if we're going to give our children and our grandchildren a free, a safe, and a prosperous future. (Applause.) Now, we're here because we're taking the first steps, and we're taking them in a contract with the American people. We've already told the incumbents and the candidates that if we have a majority, if the American people accept this contract, that they can expect to work five days a week in January, six days a week in February and March, and 24 hours a day around the clock towards the end if necessary, but we are going to get to the final recorded votes in the first 100 days on every item. (Cheers, applause.)

You know, you would've thought with a positive contract, with positive ideas, with eight reform steps in the opening day, and with 10 bills, that the press corps would've finally said, "What a difference! What a change from 30-second attack ads. What a change from the usual lack of teamwork and lack of specificity." But instead, we've had the usual carping, the usual complaining, the usual negativism from an all-too-cynical Washington press corps, which attacks us for term limits, for a balanced budget amendment. One columnist called our contract an airball. Now, I recognize, sadly, that the Washington press corps is all too often the Praetorian guard of the left. (Cheers, applause.) But it tells you something. It tells you something about how out of touch they are with the American people, that every item in our contract is supported by 60 percent or more of the American people -- some of the items are supported as much as 80 percent of the American people -- and outside Washington, this is a contract with Americans for America, and there's a huge difference. Now, they said the American people want real change, and I think the Balanced Budget Amendment is the best example of a clear, decisive change. Let me tell you what the difference is: We recognize that we Republicans want a larger private sector, with more private sector jobs, with less government. We recognize that the Clinton administration and Clinton Democrats want a smaller private sector with fewer private sector jobs, and a bigger government. (Audience boos.) We Republicans recognize that we want more in the family budget and more take-home pay, and we want less in the federal budget. The Clinton administration is willing to take away from the family budget, and take away from your take-home pay, to have more in the government budget. So when the Clinton administration says a

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balanced-budget amendment would cost \$750 billion, what they're saying is they will tax and borrow from you and your children, but they will not take away from government. (Applause.) In effect, Al Gore's Reinventing Government is a cosmetic facelift of the old order. What we're saying is something very different. And we're not just offering theory. I would urge the Washington press corps, call Governor Bill Weld in Massachusetts, call Governor Carroll Campbell in South Carolina, call Governor John Engler in Michigan, call Governor Tommy Thompson in Wisconsin, call Governor George Allen in Virginia, or call Governor Christy Whitman in New Jersey. (Cheers, applause.)

In every one of those states the Republican ran for governor offering less government and lower taxes. In every one of those states the liberal editorial pages said "what an irresponsible offer". In every one of those states the Republican won because the people were tired of big government, wasteful spending, dumb bureaucracies, and ineffective red tape. (Cheers, applause.) And in every one of those states the Republican governor kept their word, cut the budget, cut taxes, and created more private-sector jobs than they'd ever had before. (Cheers, applause.)

Now, you can ask us how will we take this huge, out-of-balance, enormous federal budget, and how will we change it? Let me surprise all of you by quoting from the greatest president of the 20th century, who stood in this city on March 4th, 1933, in the middle of the Great Depression, standing in braces at a time when it was inconceivable that a man in a wheelchair could lead a great nation. And Franklin Delano Roosevelt said, "We have nothing to fear but fear itself." And I would say to all of you, if we truly reach out not just for the first 100 days, but if we Republicans are prepared to reach out to the American people again and again and again, if we're prepared to have town hall meetings and invite every citizen to come with their ideas for cutting spending, if we're prepared to go out to the information revolution and find every method for downsizing, if we will approach the challenge of getting to a balanced budget with the standpoint that we have nothing to fear but fear itself, we'll get there. Some 50 years later -- 47 years later, on these very same steps, a former Roosevelt Democrat, Ronald Reagan, stood. (Cheers, applause.) And I remind all of you that our doors are open to every former Democrat who decides that the -- (applause) -- this is a great party of growing strength because our doors are open to everyone who wants to create a better future and is not tied to a failed government. President Reagan stood, at the end of the malaise administration, and he said, "We have every right to dream heroic dreams. After all, we are Americans." And so I would say to our critics in the press corps: Yes, it may be a heroic dream to think we can balance the budget. Yes, it may be a heroic dream to think that every child in Washington, D.C. could go to a school where they actually learn how to read and write.

Yes, it may be a heroic dream to believe that every child in America could go to bed tonight without drug dealers, without pimps, without prostitution, without violent crime, and could actually live in safety. But isn't that what America's about,

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the right to dream these kind of heroic dreams? (Cheers, applause.) We are in the business of reestablishing the right to pursue happiness and the right for every child born in this country, every child who comes to this country, because that is what it means to be an American. This will require tremendous creativity and new effort. Let me give you one minor example. Out of a two-day conference in August on cyberspace and the American dream, we've developed a proposal which we will bring up in January, that when a conference report or a committee report is offered, when the president sends up a message, they have to be put electronically available at that instant so that every American everywhere in the country has the same access as the lobbyists, has the same opportunity as the insiders, and that information is available automatically for free to the entire country when it's made available to the members of Congress. (Cheers, applause.)

Today is just a start. Much has to be done. America is the most revolutionary experiment in human history. We truly believe that we are endowed by our creator, that our rights come from God and not from the government or the state. The tragedy is that in the last half-century, while we contained the Soviet Empire and won the Cold War, we have become in danger of losing our own civilization. Today on these steps we offer this contract as a first step towards renewing American civilization.

I am going to sign the contract now, as the last member to do so, on behalf of the Republican conference. (Signing.) (Cheers, applause.) Let me just say -- close by saying this. As you watch the evening news tonight, as you see the barbarism of Bosnia, where snipers shoot children in the street, as you see the devastation of Somalia, as you see the human tragedy of Rwanda, where a half-million human beings were killed, as you watch the chaos and poverty of Haiti, recognize that if America fails, our children will live on a dark and bloody planet. If the American people accept this contract, we will have begun the journey to renew American civilization. Together we can renew America. Together we can help every American fulfill their unalienable right to pursue happiness and to seek the American dream. Together we can help every human across the planet seek freedom, prosperity, safety and the rule of law. That is what is at stake. God bless you, and God bless America. (Cheers, applause.)

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July 25, 1994

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HEADLINE: GOP Unveils Plan For 'First 100 Days'

BYLINE: By Timothy J. Burger

BODY:

Stepping up their bid to convince voters that a Republican-controlled House will be more efficient, GOP leaders are promising a "first 100 days" that will include a major overhaul of House rules, the chamber's first-ever vote on term limits, and consideration of nine other major pieces of legislation.

As their hopes mount of coming close to taking over the House for the first time since Eisenhower was president, GOP leaders have embarked on an ambitious project to draft these 11 pieces of legislation and present them at a Sept. 27 gathering on the Capitol steps featuring all Republican Members and House candidates.

"It's an enormous task. But what we are doing is we are creating what we believe to be a very defining moment," Texas Rep. Dick Arney, the Republican Conference chairman, told Roll Call last week in an interview about what the Conference is billing as its "Contract With America" initiative.

The objective, Arney said, is to convince voters that electing a Republican House majority in November will be in the best interests of the "most open, effective, and honest" government.

Republicans now hold 178 House seats; to win an outright majority this November they would have to pick up 40 seats. Most analysts believe that won't quite happen, although many predict GOP gains of between 20 and 30 seats.

Arney vowed that, within the first 100 days of GOP control of the House, the chamber would see floor votes on legislation dealing with ten key issue areas, including economic growth, legal reform, term limits, and regulatory reform - clearly delineating the philosophical differences between Democrats and Republicans.

This would all follow passage of an internal reform package slated for "opening day," Jan. 3. This proposal will include reductions in the number of staff and committees, a requirement that all budgets passed by the House include what Republicans call "honest numbers," and a requirement for a comprehensive audit of House finances.

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Senate Republicans are considering planning a similar event for Sept. 21, when a number of GOP candidates will be in Washington for a fundraiser, according to Gary Koops, communications director for the National Republican Senatorial Committee. But Senate Republicans are not preparing a specific legislative agenda to accompany their final push to win control of that chamber for the first time since 1986.

House Republicans are also aggressively mounting a public relations blitz, complete with what Arney called a "command center" - others are calling it a "war room" - at the National Republican Congressional Committee, funded by \$75,000 from the Republican National Committee, to handle logistics for the hundreds of GOP candidates who are expected to be on hand.

The NRCC-RNC team is headed by Barry Jackson, chief of staff to Rep. John Boehner (R-Ohio). Jackson will only work part-time for Boehner during this period.

Said Arney, "obviously, it does no good for us to make a contract with the American people if the American people don't know about it."

Arney said the command center is helping with transportation and accommodation arrangements as well as conference calls and other communications with candidates to help them develop ways of exploiting the GOP plans in their respective campaigns.

Hoping to create a ripple effect, the RNC team is also coordinating an Oct. 4 event in as many state capitals as can be arranged at which Republican candidates for state office will gather and present their agendas as the House candidates did the week before.

Planning for this is being headed by former Delaware Gov. Pete DuPont, who unsuccessfully sought the GOP presidential nomination in 1988.

And on Oct. 11, similar events are being planned for the county and local level.

Minority Whip Newt Gingrich (R-Ga), Arney, NRCC Chairman Bill Paxon (NY), and Reps. Bob Walker (Pa) and Tom DeLay (Texas) - aided by others on Gingrich's informal "Board of Directors," a sort of Gingrich kitchen cabinet - have tapped 11 "team leaders" to head working groups in the various issue areas.

They have also set firm deadlines for the teams to write, hone, and present the bills.

Last week, the teams were to have written a "first conceptual draft" outlining key points in their bills. This week, each team will hold an open forum at which any Republican will be welcome to provide input.

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A second draft of the bills is due July 29 and each working group must pass out its bill by Aug. 5 and then present it to the Republican Policy Committee, chaired by Rep. Henry Hyde (Ill), by Aug. 10.

Then, over the August recess, the proposals will be hammered into proper legislative language for presentation to the full GOP Conference Sept. 9.

"We intend to stand with the bill in hand. We don't want to have a set of abstract principles," Arney said. He also said that all the proposals will be guided by the central requirements that they be sound policy, easily explained to the public - and "it's got to be fairly exciting."

"We want to show that we are a team to rescue our country," said Rep. Chris Shays (Conn), a moderate Republican and longtime supporter of Gingrich, who's expected to succeed retiring Rep. Bob Michel (R-Ill) as Minority Leader next Congress.

One inevitable, implicit goal of the Sept. 27 and subsequent events is to make Gingrich Speaker of the House by convincing potential voters that policy gridlock within the House, at least, would be a thing of the past under a GOP majority.

Leading the internal House reform working group are Reps. Jennifer Dunn (Wash), a member of House Administration, and David Dreier (Calif), a member of Rules.

The other eight team leaders and the issue areas they'll be handling are: Rep. John Linder (Ga), term limits; Reps. Hyde and Barbara Vucanovich (Nev), "Pro Family Reforms"; Rep. Bob Livingston (La), "Strengthening Defense and Foreign Affairs"; Rep. Lamar Smith (Texas), Balanced Budget Amendment; Rep. Jim Ramstad (Minn), "Common Sense Legal Reforms"; Rep. Jim Saxton (NJ), economic growth; Rep. Dennis Hastert (Ill), senior citizens' reforms; Rep. Tom DeLay (Texas), regulatory reforms.

To help guide the teams in writing their bills, the Conference on July 15 sent every Republican Member a survey that was due back on Friday.

Two other topics will be developed after considering Members' ideas, the results of the survey, and the overall record of the 103rd Congress. The survey will also contribute to the teams' development of their assigned topics.

The extensive survey asks Members to rank a dozen issue areas from 1 to 12. They include spending cuts, "pro-family tax reforms," "senior citizen fairness," "easing the regulatory burden," and "common sense health care reforms."

The survey then asks Members to select priorities within each of these 12 areas. Under the "pro-family" heading, for example,

respondents must rate "eliminate the marriage penalty" and "create 'super housing IRAs' for first-time home buyers," among others.

And under the topic, "parental and local empowerment," Members are asked to rate such things as: "allow parents to opt children out of public school activities contrary to their family values," "restore local control of schools," "school choice," "toughen child pornography laws weakened by the Clinton administration," and "permit voluntary school prayer."

The GOP has also sent similar surveys to Republican candidates and allied interest groups.

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HEADLINE: A GOP BLUEPRINT TO REMODEL THE HOUSE

BYLINE: Richard E. Cohen

BODY:

As the debate over health care reform heats up, House Republicans find themselves in the familiar position of being ignored by Democratic Members, lobbyists and the news media. But the Republicans are preparing to have the last laugh. Capitol Hill will be different next year, they promise, and not solely because they expect the GOP to score major gains in the November elections.

The Republicans are planning a Sept. 27 event on the Capitol steps at which they will unveil their "Contract With America," a 10-point agenda that they promise to push to the House floor early next year if their party gains control of the chamber in November. Seeking to point up the contrast with President Clinton's abandoned or vague campaign promises, they say that they will commit themselves to quick and specific action.

In other years, this might be dismissed as a display of partisan chutzpah. But Republicans sense that the political tides are cresting in their direction, and they are readying themselves for GOP majority rule.

Hundreds of House GOP candidates -- incumbents and challengers alike -- are being asked to sign a pledge to act on the 10 major initiatives within 100 days after they take office next January. A battalion of House Republicans, armed with surveys showing their candidates' preferences on about 60 policy options, has been assigned to assemble the pieces of the party's legislative agenda under the command of Richard K. Arney of Texas, chairman of the House Republican Conference.

"As a Republican majority has moved from improbable to probable, we need to demonstrate the differences between our party and their party," Arney said in an interview. "We are offering a contract to the American public that will redefine how Congress operates from the first day . . . and present 10 items of the nation's business on which we guarantee a floor vote within 100 days." Although Republicans have said that they can

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pledge only a vote, not passage of their plan, they obviously hope to deliver on their promises.

A quintet of GOP leaders -- Arney, Minority Whip Newt Gingrich of Georgia, chief deputy whip Robert S. Walker of Pennsylvania, Conference secretary Tom D. DeLay of Texas and National Republican Congressional Committee chairman L. William (Bill) Paxon of New York -- began planning the September event early this year. They have expanded their network to about two dozen Members, many of them junior, who meet each Thursday to discuss broad party strategy. (For a report on House GOP activism, see NJ, 12/4/93, p. 2888.)

Last month, the GOP leaders organized nine working groups to review options and draft key agenda items for the package. The groups will address term limits, pro-family reforms, defense and foreign affairs, a balanced budget constitutional amendment, legal reform, economic growth, senior citizens' issues, regulatory reform and an "opening day checklist" of changes in House procedures. Other items, such as health care, welfare and crime, are likely to be added to the agenda.

DeLay, who is directing the regulatory reform group of about 10 Members, said that he wants to focus on several proposals: requiring risk-assessment studies before federal regulations are issued; barring the federal government from imposing mandates on state and local governments without providing funds to carry them out; and subjecting all regulations to "sunset" provisions. "We want to keep our message as simple as possible to keep it credible," he said. "This is an effort to inform [the public] of who has been in control of the House for the past 40 years." DeLay said that he plans to solicit reactions from Washington-based trade associations to his group's proposals.

Arney's schedule calls for each working group to gain initial party approval by Aug. 10, with the final legislative language drafted during the August recess. Members plan to file their bills in the House as part of the Capitol-steps extravaganza.

The party's criteria, Arney said, are that "the proposals are sound public policy, excite our base [voters], are easy to explain and are do-able." And so he does not expect to include proposals calling for an overhaul of the budget process and the tax code -- including a 17 per cent flat tax rate and the elimination of all deductions -- that he recently has showcased to conservatives.

The Republican National Committee (RNC) is contributing logistical support and as much as \$ 100,000 for the Sept. 27 event. Although aides said that party chairman Haley Barbour probably would not attend, House leaders plan to coordinate closely with the RNC. The RNC is working on similar events across the nation on Oct. 4 and Oct. 11, at which state and county GOP candidates will make pledges for action, based on a combination

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of party doctrine and local interests.

Senate Minority Leader Robert Dole of Kansas and National Republican Senatorial Committee chairman Phil Gramm of Texas are working on a Washington event, set for Sept. 21, to parade their candidates and their "seven more in '94" message -- a reference to the number of seats that they need for a Senate majority. The prospect of separate House and Senate GOP events suggests that Democrats are not the only party with internal tensions. Even if Republicans score big gains, they will have to contend with a history of mistrust between the House and Senate GOP and strained relations between leaders such as Dole and Gingrich.

It's common for party leaders to promote a broad agenda at the start of a congressional session. But for the rank and file to endorse a package of specific bills increases the party's exposure to outside attacks.

"This is an exercise in whether we can govern," DeLay said confidently. "If we can pull this off, we can run the House." GOP planners have drafted a "flow chart" for moving their 10 major bills to the House floor by next April.

Whether House Republicans will gain the 40 seats required to fulfill their contract remains to be seen, of course. Arney said that party leaders have identified as many as 10 House Democrats who might switch parties, although he refused to provide details.

Meanwhile, he has advised GOP colleagues to forget about a postelection vacation. "We are telling Members to be prepared to start work right after Nov. 8," he said. "It will be like a massive corporate takeover."

LANGUAGE: ENGLISH

LOAD-DATE: August 03, 1994

98043864505

Copyright 1994 The Atlanta Constitution  
The Atlanta Journal and Constitution

October 5, 1994

SECTION: STATE NEWS; Section B; Page 3

LENGTH: 294 words

HEADLINE: ELECTION '94 Millner not party to GOP contract

BYLINE: By Ken Foskett STAFF WRITER

BODY:

State Republican candidates staged a major media event Tuesday that didn't include Guy Millner, the gubernatorial nominee who leads their ticket, and they signed an issues contract that left out the centerpieces of Millner's platform.

The Republican General Assembly candidates, appearing on the steps of the state Capitol to sign a "contract with the people of Georgia," sought to downplay any rift with Millner, but sent off a variety of mixed messages.

State Sen. Arthur "Skin" Edge described the contract as a "legislative effort," but said Republicans still wanted to "work together with the effort Guy Millner is making across Georgia."

Millner skipped the event on the Capitol steps and didn't sign the GOP's contract because he had a full day of events with "various supporters," said campaign spokeswoman Donna Pierson.

"Guy believes that this is a step in the right direction," said Pierson. "There are some proposals that Guy has put forth that were not included."

Chief among the missing pieces were Millner's call for a voter referendum on tax increases - a concept endorsed by Gov. Zell Miller - and Millner's proposal to disband the state Board of Pardons and Paroles.

Edge said Republicans "don't necessarily oppose" the tax referendum proposal and appeared to waffle on the parole board, saying the contract was about "the elimination or at least a vast reduction of" the board's powers.

Mimicking Rep. Newt Gingrich's "Contract With America" pledge in Washington last week, GOP candidates pledged to seek term limits, cut the Board of Education's administrative budget 10 percent and repeal the sales tax on food.

"This is Newt Gingrich's master plan to take control of the country," said Democratic Party spokesman Bill Florence.

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GRAPHIC: Photo: Republican candidates announce their "contract with the people," which excludes the centerpieces of their ticket leader's platform. At the podium is Rep. Steve Stancil of Canton.  
/ PHILIP McCOLLUM / Staff

LANGUAGE: ENGLISH

LOAD-DATE: October 7, 1994

98043864507

October 5, 1994 Wednesday, Final Chaser

SECTION: VALLEY AND STATE; Pg. B2

LENGTH: 282 words

HEADLINE: STATE GOP OFFERS OWN CAMPAIGN 'CONTRACT';  
VOWS INCLUDE TAX CUTS AND BETTER SCHOOLS

BYLINE: By Bob Golfen, The Arizona Republic

BODY:

Echoing last week's wholesale sign-up of faithful Republicans to a national "Contract With America," 59 candidates for Arizona offices gathered Tuesday to sign a GOP contract of their own.

Not to be outdone by the 10 promises on the national plan, the Arizona Republicans have devised a contract with 12 promises.

"When we're elected to office, we keep our word," Gov. Fife Symington said.

In front of the state Capitol beneath overcast skies, the candidates, officeholders and party leaders applauded each other as they were introduced. After the ceremony, each stepped forward to sign an oversized copy of the "Republican Contract With the People of Arizona."

The 12-step conservative program presents a laundry list of promises. It vows to limit government, cut taxes, improve education, support families, reduce waste, reform welfare, fight federal interference, and reform the legislative process, among other things.

The national contract was unveiled Sept. 27 on the steps of the U.S. Capitol, accompanied by a brass band. Spearheaded by House Minority Whip Newt Gingrich, R-Ga., it offers a Republican manifesto calling for such things as a balanced-budget amendment, congressional term limits and tax cuts.

All of the state's Republican candidates for U.S. House and Senate support the plan, and four congressional challengers - J.D. Hayworth, Matt Salmon, John Shadegg and Robert MacDonald - traveled to Washington to attend the festivities.

Their Democratic opponents immediately characterized the contract as a gimmick. The signers are falling prey to "the lures of national party politics and Washington lobbyists' money," Rep. Karan English said.

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LANGUAGE: ENGLISH

LOAD-DATE: October 8, 1994

98043864509

October 5, 1994, Wednesday, Final Edition

SECTION: METRO; PAGE D6

LENGTH: 728 words

HEADLINE: Md. GOP Candidates' Contract Vows Tax Cut, Lobbying Reform

SERIES: Occasional

BYLINE: David Montgomery, Washington Post Staff Writer

BODY:

Nearly 100 Republican candidates for the Maryland General Assembly gathered in front of the State House in Annapolis yesterday and signed a "contract" with Maryland voters, promising to push for an income tax cut, lobbying reform and other measures if they are elected.

The Maryland GOP's gesture emulated the national party's contract-signing ceremony at the U.S. Capitol last week. But the Maryland document was quite different from the national contract, remaining silent on such issues as crime, welfare reform and term limits.

One by one, 96 incumbents and challengers stepped up to a card table on Lawyers Mall and solemnly signed copies of the contract. Then, turning boisterous and brimming with confidence about the coming election, the candidates chanted "Ellen, Ellen, Ellen," in honor of GOP gubernatorial nominee Ellen R. Sauerbrey, who signed the contract as well.

The contract promises voters that the minority party will:

\* Support a 24 percent tax cut, following the plan proposed by Sauerbrey;

\* Support a constitutional amendment to hold state spending growth to the rate of growth of Marylanders' personal income -- a cause Sauerbrey first championed as a delegate in 1979.

\* Make construction of public schools and prisons the priority of the capital budget and divert funds from other projects until those needs are met.

\* Support a constitutional amendment to require a two-thirds majority of both the House and Senate to approve any increase in the sales or income tax. A simple majority in both houses is the current requirement.

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\* Ban all gifts from lobbyists to members of the General Assembly and their staffs, including meals, entertainment and travel.

To ensure the passage of this agenda, the GOP would have to make stupendous gains in the general election. There are nine Republicans in the 47-member Senate and 25 Republicans in the 141-member House of Delegates.

Candidates acknowledged that the contract signing was in part a bid for publicity. But the Republicans said a serious political point also was being made.

"We're telling the public, if you elect Republicans, you'll get a different kind of government," said Del. Robert H. Kittleman (R-Howard-Montgomery), the minority whip.

Democrats were quick to denounce parts of the contract. "I think all of this was show and tell," said Del. Howard P. Rawlings (D-Baltimore), chairman of the appropriations committee.

"Was part of their platform where they are going to explain what they are going to cut" from the budget in order to cut taxes, asked Sen. Laurence Levitan (D-Montgomery), chairman of the budget and taxation committee. "[Sauerbrey] still hasn't said how she's going to pay for it."

The contract did not specify any cuts.

Del. Nancy K. Kopp (D-Montgomery) criticized contract language that labeled as "pork" much of the \$ 380 million capital budget not targeted for school and prison construction. "Let not tell you what some of the 'pork' was," she said, then listed more than \$ 100 million in money for hospitals, higher education, environmental programs and building maintenance.

• Ken Rodgers, a director of Standard & Poor's Ratings Group, which has consistently granted Maryland a Triple A bond rating, said states should use caution when considering a constitutional amendment to tie spending to income growth.

Rodgers and an analyst for Moody's Investor Service, another bond-rating house, said they would want to see details of how Maryland would pay for unforeseen increases in mandated services during a recession, when growth in personal income might be small.

Some Democrats found parts of the contract attractive.

Rawlings said he liked the lobbying reform idea. "Of all the proposals, that probably in some form will have the greatest support," he said.

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Rawlings said he also was intrigued by the idea of increasing the majority needed to pass a tax increase.

The contract did not include a crime plank, such as Sauerbrey's proposal to abolish parole for violent offenders, because there is such consensus on the issue, Kittleman said. "Democrats are against crime, Republicans are against crime, and what we're trying to do is differentiate," he said.

The contract also did not deal with term limits, because Kittleman said it was not clear that an overwhelming majority of Republican candidates would support them.

LANGUAGE: ENGLISH

LOAD-DATE: October 5, 1994

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The Hotline

October 5, 1994

SECTION: NATIONAL BRIEFING

LENGTH: 280 words

HEADLINE: GOP CONTRACT: TAKING IT TO THE STATES

BODY:

"In an unusual display of party unity," close to 100 GOP candidates for the MD state legislature joined GOP gov. nominee Ellen Sauerbrey to sign a five-point "Contract with Maryland" that "would cut income taxes, require a two-thirds vote of the legislature to raise taxes and shift construction spending from so-called 'pork' projects to schools and prisons." The contract "echoed" the GOP "Contract With America" signed by GOP House candidates last week (Waldron, Balto. SUN, 10/5). Similar "contracts" were signed in AZ, CT, GA, MD, MN, NC, ND, IN and WV 10/4. GOPers in MO, SC, NH, WA, and PA have already held similar events. In all, 26 states have either held events or plan to in October. RNC Chair Haley Barbour: "Just as the contract signed last week was drafted by the individual candidates, each state contract is being drafted by the candidates in that state. Each contract is unique, based upon the principles shared by all Republicans and the challenges faced in each state" (Republican Contract with America release, 10/3). Ex-DE Gov. Pete du Pont is coordinating the state "contract" efforts for the GOP.

LANGUAGE: ENGLISH

LOAD-DATE: October 5, 1994

98043864513

Copyright 1994 Charleston Newspapers  
The Charleston Gazette

October 4, 1994, Tuesday

SECTION: News; Pg. P2A

LENGTH: 341 words

HEADLINE: STATE GOP CANDIDATES MEET TODAY

BYLINE: Jack McCarthy

BODY:

About 20 Republican candidates for state offices will meet at 2 p.m. today at the Capitol to sign the West Virginia version of the "Republican Contract With America." The party's candidates for congressional offices have also endorsed the contract.

But state Republicans drew the ire of the White House by endorsing their party's new economic platform.

On Monday, the White House Office of Media Affairs issued a news release saying West Virginia would experience a \$ 500 million cut in Medicare, and an estimated \$ 900 million cut in Social Security - about \$ 1,885 from the average senior's yearly check.

"If you look at the numbers, it's clear that their budget would be balanced on the backs of West Virginia's seniors," said House Majority Leader Richard Gephardt. "We will not allow another assault on the elderly. Democrats have fought for decades to preserve these programs, which give dignity and decency to the lives of millions of seniors."

White House Press Officer Jess Sarmiento said similar releases were sent to every state to answer the Republican "contract."

The contract is a 10-point program, including welfare reform, tax cuts, term limits, and a balanced budget amendment to the Constitution.

State Sen. Donna Boley, R-Pleasants, co-chairwoman of the Republican Legislative Committee that promotes candidates, called the White House release, "scare tactics."

"We are hoping to offer some alternatives, and to work with conservative Democrats to change things," Boley said. "When Cleve Benedict ran for governor in 1992 and he offered to cut the sales tax, the Democrats scared the people half to death."

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The Republican candidates for West Virginia's three congressional seats have endorsed the contract, Boley said. They are Sam Cravotta, running against incumbent Bob Wise in the 2nd District;

Ben Waldman, running against incumbent Nick Rahall in the 3rd District; and Sally Rossy Riley, running against incumbent Alan Mollohan in the 1st District.

LOAD-DATE: January 30, 1995

98043864515

BEFORE THE  
FEDERAL ELECTION COMMISSION

In the matter of:

Michigan Democratic State )  
Committee and ) MUR 4215  
Barbara J. Rom, Treasurer )

DECLARATION OF BARBARA ABAR

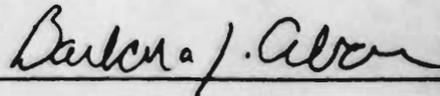
1. I am the Media Director of Grunwald, Eskew and Donilon, the firm which purchased television time for the Michigan Democratic Party to run generic television advertisements during the 1994 general election campaign.

2. The advertisement which was run in Michigan was known as "Deal." A description of the video and the text of the audio are attached to this declaration. In addition to the video described, the advertisement which was broadcast in Michigan carried the disclaimer, "Paid for by the Michigan Democratic Party."

3. Broadcast time was purchased to run the advertisements in the Detroit, Traverse City, Flint and Lansing media markets during approximately the last week in October and first week of November 1994.

4. The total amount paid by the Michigan Democratic Party to Grunwald, Eskew and Donilon for the purchase of the television time was \$518,836.

I declare under penalty of perjury that the foregoing is true and correct. Executed on June 28, 1995.



Barbara Abar

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**"DEAL" DNC-TV**  
**October 12, 1994**

**VIDEO:**

Footage of Republican candidates signing of Contract with America.

Chyron: Washington, DC  
September 17, 1994

Footage of a closed plant.

Headlines: "80s saw rich get richer, poor poorer, study says" (Los Angeles Times, 9/28/94).

"GOP robs future to write 'Contract with America'" (USA Today, 9/28/94).

"GOP's 'Contract' Missing Its Price Tag, Critics Say" (Washington Post, 9/28/94).

Close up of the contract.

Chyron: CUT MEDICARE  
CUT EDUCATION  
CUT VETERAN'S BENEFITS

Footage of Republican Candidates signing the contract.

Chyron: Why would we go back to that?

**AUDIO:**

ANNCR: The Republicans just met in Washington to sign a contract for America's future...

but it's really an echo of a failed past.

Huge tax cuts for the wealthy...billions in defense increases and gigantic new job-killing deficits.

And buried in the fine print is the rest of the deal...deep cuts in Medicare, education and Veteran's benefits.

The Republicans.

They fooled us once and we'll be paying the bills for generations.

Why would we go back to that?

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

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FEDERAL ELECTION  
COMMISSION  
SECRETARIAT

Oct 28 4 59 PM '96

**FIRST GENERAL COUNSEL'S REPORT**

**SENSITIVE**

MUR 4215

DATE COMPLAINT FILED: 5/25/95

DATE OF NOTIFICATION: 6/1/95

DATE ACTIVATED: 3/11/96

DATE TRANSFERRED TO CURRENT  
STAFF: 4/25/96

STAFF MEMBER: Anne A. Weissenborn

COMPLAINANT: Michigan State Republican Committee

RESPONDENTS: Michigan Democratic State Central Committee and  
Barbara J. Rom, as treasurer  
DNC Services Corporation/Democratic National Committee and  
R. Scott Pastrick, as treasurer

RELEVANT STATUTES: 2 U.S.C. § 441a(a)  
2 U.S.C. § 441a(f)  
2 U.S.C. § 441b  
11 C.F.R. § 102.5(a)(1)(i)  
11 C.F.R. §§ 104.10(b)(1) and 106.5(g)(3)  
11 C.F.R. § 106.1  
11 C.F.R. § 106.5(a)(1)  
11 C.F.R. § 106.5(a)(2)(iv)  
11 C.F.R. § 106.5(b)  
11 C.F.R. § 106.5(d)  
11 C.F.R. § 106.5(g)(1) and (2)

INTERNAL REPORTS CHECKED: DNC Services Corporation/ Democratic National  
Committee  
Michigan Democratic State Central Committee

FEDERAL AGENCIES CHECKED: None

98043664518

## I. GENERATION OF MATTER

The complaint in this matter was filed by the Michigan Republican State Committee ("the MRSC") on May 25, 1995. The complaint alleges that the Michigan Democratic State Central Committee and Barbara T. Rom, as treasurer, ("the MDP"), and the Democratic National Committee and its treasurer, ("the DNC"), (collectively "Respondents") violated 2 U.S.C. §§ 441a and 441b and 11 C.F.R. §§ 102.5 and 106.5 when they made expenditures in October, 1994, for advertisements focused on the "Contract With America" which had been signed by Republican candidates for the U.S. House of Representatives. R. Scott Pastrick is the current treasurer of the DNC; Robert T. Matsui was treasurer at the time the complaint was filed. Respondents were notified of this complaint on June 1, 1995. On June 30, 1995, responses to the complaint were filed on behalf of the DNC (Attachment 1) and of the MDP (Attachment 2).

## II. FACTUAL AND LEGAL ANALYSIS

### A. The Complaint

The complaint alleges that in 1994 the DNC and the MDP made expenditures using impermissible funds to produce and to air television and radio advertisements on Michigan stations for purposes of influencing federal elections. Exhibit B attached to the complaint contains the purported scripts for these advertisements. According to the complaint, the script for the first advertisement, entitled "Go Back 2," read:

Republican candidates from all across America just flew to Washington to sign a contract with the Republican leaders of Congress.

What did they commit to? . . . Huge tax cuts for the wealthy, billions in defense increases, a trillion dollars in promises.

How will they make up the spending gap? . . . Explode the deficit again, make devastating cuts in Medicare?

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They call it a contract to return to the Reagan years. "Trickle Down Economics." deficits out of control.

Why should we go back now?

The second advertisement was entitled "Deal." The script attached to the complaint read:

The Republicans just met in Washington to sign a contract for America's future. But it's really an echo of the failed past. Huge tax cuts for the wealthy, Billions in Defense increases, and gigantic new job killing deficits. And buried in the fine print is the rest of the deal:

Deep cuts in Medicare, Education and Veterans benefits.

The Republicans, . . . . They fooled us once, and we'll be paying the bills for generations. Why should we go back to that?

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Exhibit A attached to the complaint is a copy of a press release apparently issued by the DNC on October 12, 1994, and entitled "DNC Announces Two Million Dollar Fall Media Campaign." Exhibit C consists of three pages from the October 16, 1994, edition of The White House Bulletin. The complaint notes that on pages 3 and 4 of the latter exhibit there is a discussion of the DNC press release, including a quotation in the last paragraph of the release which reads: "The ads are intended to supplement the Party's coordinated campaign efforts and will air in about ten states beginning this Friday. Additionally, the ads are being made available to Democratic candidates and state parties across the country."

According to the complaint, again citing The White House Bulletin, at least \$180,000 was spent by the MDP to air these advertisements in Michigan, and both federal and non-federal funds were used for this purpose. Because Michigan law permits unlimited contributions and labor organization contributions for state and local elections, the complaint alleges that the MDP used excessive and prohibited contributions to pay for the placement of the advertisements. In addition,

the complaint alleges that the DNC used non-federal funds to produce the spots. The complaint concludes that, by using such funds to finance advertisements which focused on the Contract with America, "a clear reference to Republican congressional candidates," the Respondents violated, "among others," 2 U.S.C. §§ 441a and 441b and 11 C.F.R. §§ 102.5 and 106.5. The complaint also requests that the Commission "enjoin the future use of the illegal advertising which is the subject of this Complaint, or advertising similar to the Advertisements."<sup>1</sup>

### **B. The Law**

2 U.S.C. § 441a(a)(1)(B) and (C) limit to \$20,000 the amount which any person may contribute to a political committee established by a national political party and to \$5,000 the amount which a person may contribute to a political committee established by a state political party.

2 U.S.C. § 441a(f) prohibits political committees from accepting contributions or making expenditures in violation of the statutory limitations, while 2 U.S.C. § 441b prohibits political committees from making or accepting contributions which contain corporate or labor union funds.

11 C.F.R. § 102.5(a)(1) requires that political committees which make expenditures "in connection with both federal and non-federal elections" either establish separate federal and non-federal accounts or set up a single account "which receives only contributions subject to the limitations and prohibitions of the [Federal Election Campaign] Act." If separate federal and non-federal accounts are established, all expenditures made in connection with federal elections must be made from the federal account.

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<sup>1</sup> On June 1, 1995, this Office acknowledged receipt of the complaint and informed the complainant that, in light of 2 U.S.C. § 437g(a)(6), the Commission would not be seeking injunctive relief at that time.

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11 C.F.R. § 106.1(a) requires that "expenditures made on behalf of more than one clearly identified candidate . . . be attributed to each such candidate according to the benefit reasonably expected to be derived." 11 C.F.R. § 106.1(c)(2) exempts from attribution or allocation to individual candidates expenditures for registration and get-out-the-vote activities "unless these expenditures are made on behalf of a clearly identified candidate and the expenditure can be directly attributed to that candidate." In 1994 "clearly identified" was defined at 11 C.F.R. § 100.17 as meaning the appearance of the candidate's name, photograph, or drawing or "the identity of the candidate is apparent through an unambiguous reference."<sup>2</sup>

11 C.F.R. § 106.5(a)(1) requires that party committees which make expenditures in connection with both federal and non-federal elections either use only permissible funds to make such expenditures or establish separate federal and non-federal accounts pursuant to 11 C.F.R. § 102.5. If separate accounts are used, expenditures for shared federal and non-federal activity must be allocated between these accounts, and the committee must pay "the entire amount of an allocable expense from its federal account and [then] transfer funds from its non-federal account to its federal account solely to cover the non-federal share of that allocable expense." 11 C.F.R. § 106.5(g)(1)(i). An alternative method of payment is for the party committee to establish a third, allocation account into which funds from its federal and non-federal accounts are deposited only for the purpose of paying shared expenses. 11 C.F.R. § 106.5(g)(1)(ii). Any transfers from the non-federal account made for purposes of paying the non-federal share of allocable expenses

<sup>2</sup> In 1995 this regulation was amended to provide examples of unambiguous references to the identity of the candidate such as "the President" or "the incumbent," or to his or her status as a candidate such as "the Democratic presidential nominee" or "the Republican candidate for Senate in the State of Georgia."

must not be made more than 10 days before the payments which they are intended to reimburse are made, nor more than 60 days after the making of such expenditures. 11 C.F.R.

§ 106.5(g)(2)(ii)(B).

Pursuant to 11 C.F.R. 106.1(e), party committees that make disbursements for certain specific categories of activities undertaken in connection with both federal and non-federal elections must allocate those expenses in accordance with the rules at 11 C.F.R. § 106.5. These categories include administrative expenses, fundraising costs, the costs of certain activities which are exempt from the definitions of "contribution" and "expenditure," and the costs of generic voter drives. 11 C.F.R. § 106.5(a)(2)(i-iv). "Generic voter drives" include activities which "urge the general public to register, vote or support candidates of a particular party or associated with a particular issue, without mentioning a specific candidate." 11 C.F.R. § 106.5(a)(2)(iv).

Generally, state party committees using separate federal and non-federal accounts must allocate the costs of the above categories of expenses, including generic voter drives, using the "ballot composition method." 11 C.F.R. § 106.5(d)(2). National party committees, other than Senate or House campaign committees, must allocate the costs of generic voter drives according to fixed percentages; in non-presidential election years the fixed amount for the federal account's share is at least 60%. 11 C.F.R. § 106.5(b)(2)(ii).

The ballot composition allocation method to be used by state party committees is set out at 11 C.F.R. § 106.5(d)(1). According to this regulation, each federal office expected on the ballot in the next general election counts as one office for purposes of establishing the ballot composition ratio. The non-federal offices of Governor, State Senator and State Representative, if expected to be on the next general election ballot, likewise count as one office each for

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purposes of the ratio, while the total of all other partisan state-wide executive candidates expected to be on the ballot count as a maximum of two non-federal offices. The state party committee must also "include in the ratio one additional non-federal office if any partisan non-federal local candidates are expected to be on the ballot in any regularly scheduled election during the two-year congressional election cycle," and one additional, generic, non-federal office. 11 C.F.R. § 106.5(d)(1)(ii).

11 C.F.R. §§ 104.10(b)(1) and 106.5(g)(3) require that political committees file reports itemizing allocated disbursements for generic voter drives.

### **C. Responses to Complaint**

#### **1. Democratic National Committee**

The Democratic National Committee responded to the complaint on June 30, 1995. In the introductory portion of its response, the DNC states that in 1994 it "paid for the production of several advertisements, including the one at issue, and made them available to state parties." (Attachment 1, page 1). The DNC treated the production costs as a generic voter drive activity, and "paid for them according to the ratio prescribed in the Commission's regulations." *Id.*

More specifically, the response states that the DNC produced four television advertisements in mid-October 1994 for use by state Democratic parties in that year's general election campaigns. The DNC assertedly paid the firm of Grunwald, Eskew and Donilon ("Grunwald") directly for the production costs associated with these advertisements, "treated [this] production . . . as a 'generic voter drive' activity and allocated the production costs 60% to

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its federal account and 40% to its non-federal account." (Attachment 1, page 2). The response does not provide a dollar amount for these production costs.<sup>3</sup>

The DNC response goes on to state that the MDP decided to air one of the DNC advertisements and that "[t]he DNC transferred to the Michigan Democratic Party sufficient funds to pay for television time to broadcast the advertisement. . . . The DNC and the MDP allocated the costs of this activity according to the ballot composition method, as prescribed in the Commission's regulations." (Attachment 1, page 1). The response later expands upon this explanation as follows:

The DNC transferred to the MDP sufficient amounts from the DNC's federal and non-federal accounts to cover the costs of purchasing television time to run the advertisement, on the assumption that the MDP would treat the broadcast of the advertisements as a generic voter drive activity and allocate the costs between its own federal and non-federal accounts based on MDP's "ballot composition ratio" for the 1993-94 cycle. That ratio was 22% federal, 78% non-federal. . . . MDP paid the Grunwald firm to purchase the television time.

(Attachment 1, page 2).

Again, no total figures are provided in the body of the response with regard to the amount transferred to the MDP for purposes of television time purchases; however, the DNC attached to its response copies of reports submitted to the Commission which itemize a series of transfers to the MDP in mid- and late October, 1994 from the DNC's federal and non-federal accounts.

<sup>3</sup> According to the DNC Service Corp/DNC 1994 30-Day Post General Election Report, between November 1 and November 3, 1994, four payments totaling \$645,000 were made to Grunwald for "media." (Attachment 3). On November 8, six additional payments totaling \$56,092.51 were made to the same firm for "consulting fees." (Attachment 4). All of these payments were reported on Schedules H4 as having been made from a DNC federal account. Of these totals, 60% was allocated as the federal share and 40% as the non-federal share. It cannot be ascertained from the reports whether and how much of these expenditures represented production costs specifically related to the advertisement(s) used by the MDP.

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(Attachment 1, pages 7-13). The transfers from the DNC itemized in the reports attached to the response are as follows:

<u>Federal Accounts</u> <sup>4</sup>		<u>Non-Federal Accounts</u>	
10/12	\$ 35,970	10/11	\$ 25,000
10/24	15,043	10/24	127,530
10/24	14,273	10/18	155,000
10/28	37,648	10/24	53,336
11/1	<u>11,206</u>	10/24	50,603
	\$114,140	10/25	75,000
		11/1	<u>173,207</u>
			\$659,676

These transfers totaled \$773,816. It cannot be ascertained from the reports how much of this total was intended to be used for placement of the advertisements at issue. Of the \$773,816 figure, apparently 14.75% came from the DNC's federal accounts and 85.25% from its non-federal accounts. It is presently unclear whether and how these transfers related to the DNC's asserted reliance upon the MDP's ballot composition ratio of 22% federal - 78% non-federal.

The DNC argues, as does the MDP in its response at Attachment 2, that the television advertisements at issue were "clearly a 'generic voter drive' activity within the meaning of 11 C.F.R. § 106.5(a)(2)(iv)." The DNC cites an asserted emphasis on Republican issues and argues that the advertisement used in Michigan

did not mention any specific candidate or, for that matter, any particular office. It did not mention or refer to the Congress or to candidates or elections for Congress. It referred only to "the Republicans" and

<sup>4</sup> It is not known at present whether more than one federal and more than one non-federal account were used to make these transfers. This report assumes that more than one of each were involved.

concluded by criticizing the Republican party generally. "The Republicans. They fooled us once. . . . Why would we go back to that?"

(Attachment 1, page 3; see also Attachment 2, page 4).

The script attached to the DNC response, and to the MDP response, addresses the video as well as the audio portions of the "Deal" advertisement as follows:

**"DEAL" DNC-TV**  
**October 12, 1994**

**VIDEO:**

**CHYRON:** Washington, DC  
September 17, 1994

Footage of a closed plant

**Headlines:** '80's saw rich  
get richer, poor poorer, study  
says" (Los Angeles Times:  
9/28/94)

"GOP robs future to write  
Contract with America"  
(U.S.A. Today, 9/28/94).

"GOP's 'Contract' Missing Its  
Price Tag, Critics Say"  
(Washington Post, 9/28/94).

Close up of the contract.

**Chyron:** CUT MEDICARE  
CUT EDUCATION  
CUT VETERAN'S BENEFITS

Footage of Republican Candidates  
signing the contract.

**AUDIO:**

**ANNCR:** The Republicans just  
met in Washington to sign a  
contract for America's future . .

but it's really an echo of a failed  
past.

Huge tax cuts for the wealthy . .  
billions in defense increases and  
gigantic new job-killing deficits.

And buried in the fine print is  
the rest of the deal . . . deep cuts  
in Medicare, education and  
Veteran's benefits

The Republicans

They fooled us once and we'll  
Be paying the bills for  
generations.

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**Chyron:** Why would we go back to that? Why would we go back to that?

(Attachment 1, page 48; see also Attachment 2, page 45).

The DNC response, as does the MDP response, acknowledges that this television advertisement "briefly pictures and refers to, an event held in Washington on September 27, 1994, at which a number of Republican candidates for Congress assembled and literally signed a version of the 'Contract with America'." (Attachment 1, page 3; see also Attachment 2, page 4).

In a footnote, the DNC response states:

The advertisement pictures a large number of Republican candidates for Congress, as a group, for a few seconds at the beginning and again at the end of the advertisement. No particular candidate for Congress would be recognizable to the ordinary viewer, however, due to the large size of the group and the very short period of time during which it is pictured.

(Attachment 1, page 3, fn. 1; see also Attachment 2, page 4, fn. 5).

The DNC response, as does the MDP response, also asserts that the complaint in this matter incorrectly categorizes as "prohibited expenditures" the use of non-federal monies to pay a portion of the costs of the advertisement at issue because the advertisement constituted a "generic voter drive," thus bringing the costs involved within the coverage of the allocation formulas established by the Commission's regulations. The response argues that the advertisement entitled "Deal"

was an effort to urge the general public to vote for Democrats and against Republicans, based on the Republican position on various issues including tax cuts, Medicare, education, veterans benefits and defense increases. The advertisement did not mention any specific candidate, or for that matter, any particular office. It did not mention or refer to the

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Congress or to candidates or elections for Congress. It referred only to "the Republicans" and concluded by criticizing the Republican party generally.

(Attachment 1, page 3; see also Attachment 2, page 4).

The DNC response argues further that the advertisement's reference to the signing of the Contract with America does not change the "classification of this advertising . . . as a 'generic voter drive' activity." (Attachment 1, page 3; see also Attachment 2, page 4). "[B]y no stretch of the imagination could this advertisement possibly be categorized as being on behalf of any 'clearly identified federal candidate' under 11 C.F.R. § 106.1(a)" and, therefore, the DNC asserts that it falls within the regulations which specify how such expenditures are to be allocated.

(Attachment 1, page 4; see also Attachment 2, page 5). The DNC response also argues that an analysis of the content of the "Deal" advertisement would lead to the same conclusion as it "does not mention Congress, Republicans in Congress or Republican candidates for Congress."

(Attachment 1, page 4; see also Attachment 2, page 5).

According to the DNC response, the "Deal" advertisement was intended "to identify Republicans running for office at all levels with positions on certain issues which were being addressed by candidates in state and local races as well as federal races." (Attachment 1, page 4; see also Attachment 2, page 5). As support for this latter argument, the response cites reported events in various states at which Republican candidates for state or local office signed or endorsed "contracts" which addressed "the very issues in the 'Contract with America' that were attacked in the MDP 'deal' advertisement - - namely tax cuts and cuts in social programs."

(Attachment 1, pages 5, 37-46; see also Attachment 2, pages 6, 34-43).

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## 2. Michigan Democratic State Central Committee

As is indicated above, much of the language in the MDP response to the complaint, (Attachment 2), particularly that contained in the "Discussion" beginning on page 3, repeats verbatim the language employed in the response submitted by the DNC. In the "Factual Background" portion, the MDP response states that the DNC, in October, 1994, produced a series of television advertisements to be used by state Democratic parties. Of these advertisements, the MDP elected to use only one entitled "Deal," the second advertisement cited in the complaint. "Deal" was used in four media markets in Michigan for approximately two weeks prior to the November, 1994 general election. (Attachment 2, page 1).

According to the MDP response, the DNC transferred "sufficient funds" to the state party committee to pay for placement of the advertisement. A specific figure is not provided by the MDP. On October 14, 1994, the MDP made a wire transfer from its federal account to the media firm of Grunwald, Eskew & Donilon in the amount of \$163,500. (Attachment 2, page 7).

According to the response, "[t]he expense was allocated 25% to MDP's federal account and 75% to its non-federal account." Later, on November 1 and 2, 1994, MDP made additional transfers to the media firm totaling \$170,903 and \$184,413 respectively. Of these latter amounts \$78,170 was allocable to the state party committee's federal account and \$277,146 to its non-federal account. (Attachment 2, pages 2, 8-9). Apparently, the non-federal share of \$277,146 was paid directly from the non-federal account. These November allocations represented an overall ratio of 22% federal - 78% non-federal, the difference in ratios as compared to the October 14 transfer being explained by the MDP as due to its not having included an extra, generic, non-federal point in its earlier calculation as mandated at 11 C.F.R. § 106.5(d)(1)(ii). The MDP states that it

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should not have made wire transfers totaling \$277,146 to the media firm from its non-federal account, but rather should have paid the entire amount from its federal account and then reimbursed that account. (Attachment 2, page 2, fn. 2).

The MDP response also states that on November 1 and 2, 1994 two wire transfers totaling \$355,316 were made to Grunwald. Of this total, \$78,170 was allocable to federal shares; however, this figure was "inadvertently treated as allocable expenses and a further allocation was made." (Attachment 2, pages 2 and 10). In other words, \$58,627.50 of the \$78,170 was deemed allocable to the non-federal account. According to the response, the result was an overpayment by the non-federal account of \$58,627.50. The MDP argues, however, that this overpayment was balanced by excessive payments totaling \$83,525.41 made by the federal account as a result of the application of a ballot composition ratio which used 25% rather than 22% for the federal share. The 3% difference assertedly was again the result of the committee's not including an additional, generic point in calculating the non-federal portion.

#### **D. Analysis**

##### **1. Generic Voter Drive**

The threshold issue in this matter, as argued by the respondent committees, is whether a particular television advertisement produced by the DNC and placed by the MDP constituted a generic voter drive, thus bringing its production and placement costs within the coverage of 11 C.F.R. § 106.5(b) and (d). Section 106.5 not only permits but requires the allocation of costs of generic voter drive programs between federal and non-federal elections and, if applicable, between federal and non-federal accounts. It provides that expenditures for allocable activity

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such as generic voter drives are to be made initially from a federal account, or from a special allocation account, for both federal and non-federal activities, not from a non-federal account. 11 C.F.R. § 106.5(g)(1)(i) and (ii). If such shared expenditures are made from a committee's federal account, a non-federal account may reimburse the federal account for the non-federal portion within specified time periods. 11 C.F.R. § 106.5(g)(2). By definition, such reimbursements may contain funds which would be impermissible if received directly by the federal account. If, however, an advertisement does not meet the criteria for a generic voter drive, then its costs would be allocable to the individual candidates benefited, and expenditures related to any federal candidates would have to be made from an account containing only permissible funds.

As stated above, a "generic voter drive" is defined as an activity which "urge[s] the general public to register, vote or support candidates of a particular party or associated with a particular issue, without mentioning a specific candidate." 11 C.F.R. § 106.5(a)(2)(iv).

Recently, this Office obtained a copy of the videotape of the advertisement at issue. Based upon a viewing of the tape by this Office, it is clear that the audio portion of the "Deal" advertisement does not name or otherwise identify in words any specific candidate. With regard to the video portion, the MDP and DNC responses argue that the Republican candidates who took part in the signing of the Contract with America, and who thus are shown during the advertisement, are on the screen as parts of a group and only very briefly. This Office's review of the tape reveals that the video portion includes, at the beginning and the end, footage of the actual signing of the Contract with America, including close-ups of a few persons approaching the signing table. In this way certain individuals can be distinguished visually, including, for

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example, the Speaker of the U.S. House of Representatives, Newt Gingrich, although none of the individuals is specifically identified as a candidate from Michigan, nor from any other particular state. Given the way the party has treated its expenditures for this advertisement, and the above factors, this Office views the advertisement as having been a "generic voter drive."

## 2. Ratios Applied by the DNC

As is also stated above, the Commission's regulations at 11 C.F.R. § 106.5(b) provide that national party committees making expenditures for generic voter drives in non-presidential years must allocate those costs according to the fixed percentages of 60% federal and 40% non-federal. In the present matter, the DNC apparently provided all of the funding for the MDP's 1994 voter drive program. It did so directly by paying Grunwald for the costs of producing the advertisements to be used, applying the appropriate 60% federal - 40% non-federal ratio. It also paid Grunwald indirectly by transferring funds to the MDP from both its federal and non-federal accounts for the acknowledged purpose of paying the media firm for the placement of one of the advertisements. If the DNC had elected to make expenditures directly to Grunwald for placement costs, there is no question that the fixed ratio of 60% federal - 40% non-federal would have applied. Since the transfers to the MDP were intended for the specific purpose of paying the firm for placement of a DNC advertisement, it is the DNC's ratio which should have been applied to the DNC transfers/placement expenditures, not the ratio applicable to the MDP. The DNC could not achieve a higher non-federal share, and thus expend more from its non-federal accounts, by doing indirectly what it could not do directly; i.e., the DNC could not allocate to its non-federal accounts more than 40% of the transfers to be used by the MDP for placement of the DNC advertisements.

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The DNC disclosure reports attached to its response itemize a total of \$114,140 in transfers made from its federal accounts to the MDP between October 12 and November 1, 1994. These reports also show a total of \$659,676 in payments from non-federal DNC accounts to the MDP between October 11 and November 1, 1994. Assuming that all of these payments were intended to be used by the MDP for placement of the "Deal" advertisement through Grunwald, the transfers by the DNC were allocated on a 14.75% - 85.25% basis. The DNC's written response to the complaint, as quoted at page 8 above, states that "[t]he DNC and the MDP allocated the costs of this activity according to the ballot composition method" and cites "the assumption" that the MDP would allocate placement costs as per its "ballot composition ratio," or 22% federal - 78% non-federal.

Whether the DNC allocated 14.75% or 22% as the federal portion of its transfers to the MDP, either figure would have been considerably less than the 60% federal portion mandated by the regulations. Therefore, this Office recommends that the Commission find reason to believe that the DNC and R. Scott Pastrick, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441b and 11 C.F.R. § 106.5(b) by overallocating the non-federal share of its transfers to the MDP and thus using an amount from its non-federal accounts that was in excess of the percentage allowed by the regulations. In doing so, the DNC paid a portion of the federal share of the placement costs with impermissible funds held in its non-federal accounts. In addition, the DNC made the transfers to the MDP from both its federal and non-federal accounts, rather than from its federal accounts with subsequent reimbursements by the non-federal accounts as required by 11 C.F.R. § 106.5(g)(1)(i); thus, this Office also recommends that the Commission find reason to believe that the DNC and R. Scott Pastrick, as treasurer, violated this regulatory provision. Because the

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MDP allocated its subsequent expenditures to Grunwald using the appropriate ratio of 22% federal - 78% non-federal, there appears to have been no violation of the Act or the Commission's regulations by the MDP resulting from the transfers from the DNC.

### **3. Excessive Allocations to MDP's Non-Federal Account; Reporting of Allocations**

Pursuant to 11 C.F.R. § 106.5(d)(2), the MDP should have allocated its expenditures to Grunwald for 1994 generic voter drive activity in accordance with its "ballot composition" ratio of 22% federal to 78% non-federal, and, in fact, the final, overall ratio of federal to non-federal allocations of these expenditures reflects an even higher federal share. As stated in Advisory Opinion 1995-25, fn. 5, a party committee may allocate a higher percentage to its federal accounts, but may not allocate less than the percentage specified in the Commission's regulations. The MDP response to the complaint has, however, raised an issue concerning an apparent excessive allocation of shared expenses to this committee's non-federal account.

The following are the figures for federal and non-federal shares of payments to Grunwald reflected in the MDP's 1994 Pre-General and original 1994 Post-General Report, in its response to the complaint in this matter, and in its amended 1994 Post-General Report. The figures for allocations of disbursements to the media firm between federal and non-federal shares cited in the MDP's response differ considerably from those in the committee's original Post-General Report. The MDP's response figures also differ somewhat from those in the amended Post-General Election Report filed after the response; however, the totals and final ratios in these latter two sets of figures are the same.

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**MDP'S 1994 PRE-GENERAL AND ORIGINAL 1994 POST-GENERAL REPORTS  
RE: EXPENDITURES TO GRUNWALD, ESKEW AND DONILON**

Date	Federal Share		Non-Federal Share		Totals
	Amount	%	Amount	%	
10/14	\$40,875	25%	\$122,625	75%	\$163,500
11/1	16,741	25%	50,223	75%	66,964
11/2	<u>2,801.50</u>	25%	<u>8,401.50</u>	75%	<u>11,206<sup>5</sup></u>
	\$60,417.50	25%	\$181,249.50	75%	\$241,670

**MDP'S RESPONSE TO THE COMPLAINT RE: EXPENDITURES TO GRUNWALD,  
ESKEW AND DONILON (Attachment 2, page 3)**

Date	Federal Share		Non-Federal Share		Totals
	Amount	%	Amount	%	
10/14	\$40,875	25%	\$122,625	75%	\$163,500
11/1	66,964 <sup>6</sup>	39%	103,939	61%	170,903
11/2	<u>11,206<sup>7</sup></u>	06%	<u>173,207</u>	94%	<u>184,413</u>
	\$119,045	23%	\$399,771	77%	\$518,816

<sup>5</sup> \$66,964 + 11,206 = \$78,170. See discussion of asserted bookkeeping error below.

<sup>6</sup> This figure matches the total for November 1 payments in the chart above.

<sup>7</sup> This figure matches the total for November 2 payments in the chart above.

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**MDP'S 1994 PRE-GENERAL AND AMENDED 1994 POST-GENERAL REPORTS  
RE: EXPENDITURES TO GRUNWALD, ESKEW AND DONILON**

Date	Federal Share		Non-Federal Share		Totals
	Amount	%	Amount	%	
10/14	\$40,875	25%	\$122,625	75%	\$163,500
11/1	37,599	22%	133,304	78%	170,903
11/2	<u>40,571</u>	22%	<u>143,842</u>	78%	<u>184,413</u>
	\$119,045	23%	\$399,771	77%	\$518,816

As can be seen from a comparison of the sets of figures reproduced above, the original 1994 Post-General Report contained figures for expenditures made to Grunwald on November 1 and 2, 1994 which were considerably smaller than the figures for expenditures to Grunwald on the same dates which are cited in the response to the complaint and in the amended Post-General Report. As noted above, MDP has explained in its response that on November 1 and 2 it made wire transfers to Grunwald in the amounts of \$170,903 and \$184,413; the MDP has also subsequently amended its 1994 Post-General Report to this effect. According to the MDP response, the federal shares of these two wire transfers were \$66,964 and \$11,206, for a total of \$78,170 or 22% of the \$355,316 sent to Grunwald on those two days. Due to an asserted "bookkeeping error," the \$78,170 was then allocated once more into federal and non-federal shares, with \$58,627.50 of the \$78,170 being assigned to non-federal shares. (Attachment 5).

Based upon the MDP's response to the complaint, and as reflected in the committee's amended Post-General Report, the entire \$78,170 which was reported as having gone to Grunwald on November 1 and 2, and which was originally allocated into federal and non-federal shares on the MDP's original Post-General Report, was apparently allocable to the federal share alone and represented only a part of the November 1 and 2 transfers to the media firm. The MDP

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argues that its mistaken and apparently excessive allocation of the \$58,627.50 to its non-federal account was compensated by payments by the MDP's federal account of non-federal shares totaling \$83,525.41 during the 1993-1994 election cycle; this federal overpayment was assertedly the result of the application of a 25% - 75% rather than a 22% - 78% federal/non-federal ratio. Neither the purposes nor the timing of these apparently unreimbursed federal payments for non-federal shares is known.<sup>8</sup>

As stated above, the Act and the Commission's regulations require that all expenditures for federal activity be made with permissible funds and from federal accounts containing only such monies. In the present matter, the excessive payments totaling \$58,657.50 made from the MDP's non-federal account for federal activity resulted in the use of an account containing impermissible monies to make disbursements for what were federal shares of joint activity. Therefore, this Office recommends that the Commission find reason to believe that the MDP and Barbara J. Rom, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441b and 11 C.F.R. §§ 102.5 and 106.5(d) as a result of overallocating to the MDP's non-federal account \$58,657.50 in costs of generic voter drive advertisements in 1994.

As is also noted above, the MDP included the information about its overpayment from its non-federal account in its response to the complaint in this matter. The Committee argues that

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<sup>8</sup> It is unclear from the MDP's response whether the \$83,525.41 figure for asserted overpayments by the federal account involved "Deal" advertisement expenditures or other, unrelated, shared expenditures. Even assuming that the entire \$83,525.41 was related to the placement of the advertisement at issue, there is insufficient information available to establish how the difference between a 25% allocation of expenses to the federal account and a 22% allocation resulted in this amount of overspending by the federal account. Clarification of the \$83,525.41 figure will be sought during the investigation in this matter.

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the non-federal overpayment was remedied by overpayments by its federal account for non-federal activity. It is, however, the position of this Office that, while the MDP's forthcomingness and overpayments by its federal account may well serve to mitigate the violations arising from the overuse of non-federal funds, the violations themselves remain. The Commission's regulations do not contemplate excessive payments for shared activity by a federal account as compensation for excessive allocations to a non-federal account containing impermissible funds.

Although termed "further" allocations in the response to the complaint, the two payments of \$66,964 and \$11,206 were the only transactions with Grunwald on November 1 and 2, 1994 which were itemized in the MDP's original 1994 Post-General Report. (See Attachment 5). The MDP's response to the complaint cites payments of \$170,903 and \$184,413 to Grunwald on those dates, for a total of \$355,316, with allocated federal portions of \$66,964 and \$11,206. The MDP's amended 1994 Post-General Report also shows two transactions with Grunwald totaling \$355,316 on November 1 and 2, but the reported federal shares of the two payments are \$37,598.66 and \$40,570.86. (Attachment 6). No explanation for the differences between the allocations of the November 1 and 2 expenditures cited in the response to the complaint and those in the amended 1994 Post-General Report has been offered. Given the discrepancies between the response and the amended report, this Office recommends that the Commission find reason to believe that the MDP and Barbara J. Rom, as treasurer, violated 11 C.F.R. § 104.10(b)(1) by misreporting the allocations of disbursements made to Grunwald.<sup>9</sup>

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<sup>9</sup> This Office makes no recommendation regarding the apparent misreporting of the amounts of payments made to Grunwald on November 1 and 2, 1994 in the MDP's original 1994 Post-General Report, given the amendment to that report filed in July, 1995.

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#### 4. Initial Payments for Non-Federal Share of Allocable Expenses from MDP's Non-Federal Account

As is stated above, 11 C.F.R. § 106.5(g)(1)(i) and (ii) require that expenditures for shared federal and non-federal activity must either be paid from a federal account or from a separate allocation account. The MDP admits that it made \$277,146 in wire transfers to Grunwald for the non-federal portion of shared activity from its non-federal accounts, rather than making these initial payments from its federal accounts and then reimbursing such accounts with non-federal funds. This Office, therefore, recommends that the Commission find reason to believe that the MDP and Barbara J. Rom, as treasurer, violated 11 C.F.R. § 106.5(g)(1)(i).

### III. PROPOSED DISCOVERY

This Office will seek information from Respondents concerning the exact amounts and dates of the transfers of funds made by the DNC to the MDP for placement of the "Deal" advertisement. We will also seek information regarding the DNC accounts from which these funds were taken, the payees and purposes of the \$83,525.41 in assertedly excessive disbursements made from the MDP's federal account, and the reasons for the discrepancies between the MDP's response to the complaint and its amended 1994 Post-General Report with regard to the allocations of disbursements made to Grunwald on November 1 and 2, 1994.

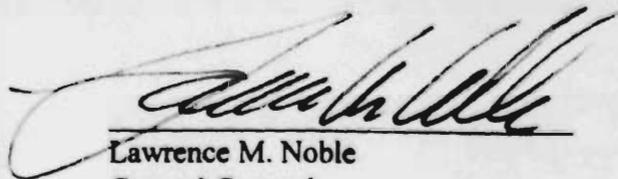
### IV. RECOMMENDATIONS

1. Find reason to believe that the DNC Services Corporation/Democratic National Committee and R. Scott Pastrick, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441b and 11 C.F.R. §§ 106.5(b) and 106.5(g)(1)(i).
2. Find reason to believe that the Michigan Democratic State Central Committee and Barbara J. Rom, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441b and 11 C.F.R. §§ 102.5, 104.10(b)(1), 106.5(d), and 106.5(g)(1)(i).

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3. Approve the attached Factual and Legal Analyses.
4. Approve the appropriate letters.

Date

10/28/96

Lawrence M. Noble  
General Counsel

## Attachments:

1. Response filed by DNC
2. Response filed by MDP
3. DNC reports of expenditures made to Grunwald, Eskew & Donilon for "media"
4. DNC reports of expenditures made to Grunwald, Eskew & Donilon for "consulting fees"
5. Original MDP 1994 Post-General Report of expenditures to Grunwald
6. Amended MDP 1994 Post-General Report of expenditures to Grunwald
7. Factual and Legal Analyses (2)

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Michigan Democratic State Central )  
Committee and Barbara J. Rom, as )  
treasurer; ) MUR 4215  
DNC Services Corporation/Democratic )  
National Committee and R. Scott )  
Pastrick, as treasurer. )

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on November 1, 1996, the Commission decided by a vote of 4-0 to take the following actions in MUR 4215:

1. Find reason to believe that the DNC Services Corporation/Democratic National Committee and R. Scott Pastrick, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441b and 11 C.F.R. §§ 106.5(b) and 106.5(g) (1) (i).
2. Find reason to believe that the Michigan Democratic State Central Committee and Barbara J. Rom, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441b and 11 C.F.R. §§ 102.5, 104.10(b) (1), 106.5(d), and 106.5(g) (1) (i).

(continued)

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3. Approve the Factual and Legal Analyses, as recommended in the General Counsel's Report dated October 28, 1996.
  
4. Approve the appropriate letters, as recommended in the General Counsel's Report dated October 28, 1996.

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

Attest:

11-4-96  
Date

  
Marjorie W. Emmons  
Secretary of the Commission

Received in the Secretariat: Mon., Oct. 28, 1996 4:59 p.m.  
Circulated to the Commission: Tues., Oct. 29, 1996 4:00 p.m.  
Deadline for vote: Fri., Nov. 01, 1996 4:00 p.m.

bjr

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

November 6, 1996

Mark Brewer, Chairman  
Michigan Democratic State Central Committee  
606 Townsend  
Lansing, Michigan 48933

RE: MUR 4215  
Michigan Democratic State  
Central Committee  
Barbara J. Rom, as treasurer

Dear Mr. Brewer:

On June 1, 1995, the Federal Election Commission notified the Michigan Democratic State Central Committee ("the Committee") and Barbara J. Rom, as treasurer, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to the Committee and Ms. Rom at that time.

Upon further review of the allegations contained in the complaint, and of information supplied by you, the Commission, on November 1, 1996, found that there is reason to believe the Committee and Barbara J. Rom, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441b and 11 C.F.R. §§ 102.5, 104.10(b)(1), 106.5(d) and 106.5(g)(1)(i), provisions of the Act and of the Commission's regulations. The Factual and Legal Analysis, which formed a basis for the Commission's findings, 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, together with responses to the enclosed interrogatories and request for production of documents, within 30 days of 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 violations have occurred and proceed with conciliation.

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.10(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter.

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Mark Brewer, Chairman  
Michigan Democratic State Central Committee  
Page 2

Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

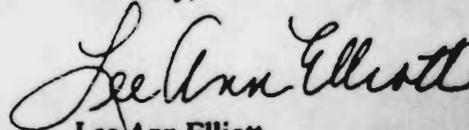
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

If the Committee and Ms. Rom, as treasurer, 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 matter to be made public.

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

Sincerely,



Lee Ann Elliott  
Chairman

**Enclosures**

**Factual and Legal Analysis  
Interrogatories and Request for  
Production of Documents  
Designation of Counsel Form**

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**FEDERAL ELECTION COMMISSION**  
**FACTUAL AND LEGAL ANALYSIS**

**RESPONDENTS:** Michigan Democratic State Central  
Committee  
Barbara T. Rom, as treasurer

**MUR: 4215**

**I. GENERATION OF MATTER**

The complaint in this matter was filed by the Michigan Republican State Committee ("the MRSC") on May 25, 1995. The complaint alleges that the Michigan Democratic State Central Committee and Barbara T. Rom, as treasurer, ("the MDP" or "Respondents"), violated 2 U.S.C. §§ 441a and 441b and 11 C.F.R. §§ 102.5 and 106.5 when they made expenditures in October, 1994, for advertisements focused on the "Contract With America" which had been signed by Republican candidates for the U.S. House of Representatives. Respondents were notified of this complaint on June 1, 1995, and on June 30, 1995, the MDP filed a response.

**II. FACTUAL AND LEGAL ANALYSIS**

**A. The Complaint**

The complaint alleges that in 1994 the MDP made expenditures with impermissible funds to air television and radio advertisements on Michigan stations for purposes of influencing federal elections. Exhibit B attached to the complaint contains the purported scripts for these advertisements. According to the complaint the script for the first advertisement, entitled "Go Back: 2," read:

Republican candidates from all across America just flew to Washington to sign a contract with the Republican leaders of Congress.

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What did they commit to? . . . Huge tax cuts for the wealthy, billions in defense increases, a trillion dollars in promises.

How will they make up the spending gap? . . . Explode the deficit again, make devastating cuts in Medicare?

They call it a contract to return to the Reagan years. "Trickle Down Economics," deficits out of control.

Why should we go back now?

The second advertisement was entitled "Deal." The script attached to the complaint read:

The Republicans just met in Washington to sign a contract for America's future. But it's really an echo of the failed past. Huge tax cuts for the wealthy, Billions in Defense increases, and gigantic new job killing deficits. And buried in the fine print is the rest of the deal:

Deep cuts in Medicare, Education and Veterans benefits.

The Republicans, . . . They fooled us once, and we'll be paying the bills for generations. Why should we go back to that?

Exhibit A attached to the complaint is a copy of a press release issued by the Democratic National Committee ("DNC") on October 12, 1994 entitled "DNC Announces Two Million Dollar Fall Media Campaign." Exhibit C consists of three pages from the October 16, 1994, edition of The White House Bulletin. The complaint notes that on pages 3 and 4 of the latter exhibit there is a discussion of the DNC press release, including a quotation of the last paragraph of the release which reads: "The ads are intended to supplement the Party's coordinated campaign efforts and will air in about ten states beginning this Friday. Additionally, the ads are being made available to Democratic candidates and state parties across the country."

According to the complaint, again citing The White House Bulletin, at least \$180,000 was spent by the MDP to air these advertisements in Michigan, and both federal and non-federal funds

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were used for this purpose. Because Michigan law permits unlimited contributions and labor organization contributions for state and local elections, the complaint alleges that the MDP used excessive and prohibited contributions to pay for the placement of the advertisements. The complaint concludes that, by using such funds to finance advertisements which focused on the Contract with America, "a clear reference to Republican congressional candidates," Respondents violated, "among others," 2 U.S.C. §§ 441a and 441b and 11 C.F.R. §§ 102.5 and 106.5.

#### B. The Law

2 U.S.C. § 441a(a)(1)(C) limits to \$5,000 the amount which a person may contribute to a political committee established by a state political party. 2 U.S.C. § 441a(f) prohibits political committees from accepting contributions or making expenditures in violation of the statutory limitations, while 2 U.S.C. § 441b prohibits all political committees from making or accepting contributions which contain corporate or labor union funds.

11 C.F.R. § 102.5(a)(1) requires that political committees which make expenditures "in connection with both federal and non-federal elections" either establish separate federal and non-federal accounts or set up a single account "which receives only contributions subject to the limitations and prohibitions of the [Federal Election Campaign] Act." If separate federal and non-federal accounts are established, all expenditures made in connection with federal elections must be made from the federal account.

11 C.F.R. § 106.1(a) requires that "expenditures made on behalf of more than one clearly identified candidate . . . be attributed to each such candidate according to the benefit reasonably expected to be derived." 11 C.F.R. § 106.1(c)(2) exempts from attribution or allocation to individual candidates expenditures for registration and get-out-the-vote activities "unless these

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expenditures are made on behalf of a clearly identified candidate and the expenditure can be directly attributed to that candidate." In 1994 "clearly identified" was defined at 11 C.F.R. § 100.17 as meaning the appearance of the candidate's name, photograph, or drawing or "the identity of the candidate is apparent through an unambiguous reference."<sup>1</sup>

11 C.F.R. § 106.5(a)(1) requires that party committees which make expenditures in connection with both federal and non-federal elections either use only permissible funds to make such expenditures or establish separate federal and non-federal accounts pursuant to 11 C.F.R. § 102.5. If separate accounts are used, expenditures for shared federal and non-federal activity must be allocated between these accounts, and the committee must pay "the entire amount of an allocable expense from its federal account and [then] transfer funds from its non-federal account to its federal account solely to cover the non-federal share of that allocable expense." 11 C.F.R. § 106.5(g)(1)(i). An alternative method of payment is for the party committee to establish a third, allocation account into which funds from its federal and non-federal accounts are deposited only for the purpose of paying shared expenses. 11 C.F.R. § 106.5(g)(1)(ii). Any transfers from the non-federal account made for purposes of paying the non-federal share of allocable expenses must not be made more than 10 days before the payments which they are intended to reimburse are made, nor more than 60 days after the making of such expenditures. 11 C.F.R. § 106.5(g)(2)(ii)(B).

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<sup>1</sup> In 1995 this regulation was amended to provide examples of unambiguous references to the identity of the candidate such as "the President" or "the incumbent," or to his or her status as a candidate such as "the Democratic presidential nominee" or "the Republican candidate for Senate in the State of Georgia."

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Pursuant to 11 C.F.R. 106.1(e), party committees that make disbursements for certain specific categories of activities undertaken in connection with both federal and non-federal elections must allocate those expenses in accordance with the rules at 11 C.F.R. § 106.5. These categories include administrative expenses, fundraising costs, the costs of certain activities which are exempt from the definitions of "contribution" and "expenditure," and the costs of generic voter drives. 11 C.F.R. § 106.5(a)(2)(i-iv). "Generic voter drives" include activities which "urge the general public to register, vote or support candidates of a particular party or associated with a particular issue, without mentioning a specific candidate." 11 C.F.R. § 106.5(a)(2)(iv).

Generally, state party committees using separate federal and non-federal accounts must allocate the costs of the above categories of expenses, including generic voter drives, using the "ballot composition method." 11 C.F.R. § 106.5(d)(2). The ballot composition allocation method to be used by state party committees is set out at 11 C.F.R. § 106.5(d)(1). According to this regulation, each federal office expected on the ballot in the next general election counts as one office for purposes of establishing the ballot composition ratio. The non-federal offices of Governor, State Senator and State Representative, if expected to be on the next general election ballot, likewise count as one office each for purposes of the ratio, while the total of all other partisan state-wide executive candidates expected to be on the ballot count as a maximum of two non-federal offices. The state party committee must also "include in the ratio one additional non-federal office if any partisan non-federal local candidates are expected to be on the ballot in any regularly scheduled election during the two-year congressional election cycle," and one additional, generic, non-federal office. 11 C.F.R. § 106.5(d)(1)(ii).

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11 C.F.R. §§ 104.10(b)(1) and 106.5(g)(3) require that political committees file reports itemizing allocated disbursements for generic voter drives.

### C. Response to Complaint

The MDP response to the complaint states that the DNC, in October, 1994, produced a series of television advertisements to be used by state Democratic parties. Of these advertisements the MDP elected to use only one entitled "Deal," the second advertisement cited in the complaint. "Deal" was used in four media markets in Michigan for approximately two weeks prior to the November, 1994 general election.

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According to the MDP response, the DNC transferred "sufficient funds" to the state party committee to pay for placement of the advertisement. A specific figure is not provided by the MDP. On October 14, 1994, the MDP made a wire transfer from its federal account to the media firm of Grunewald, Eskew & Donilon in the amount of \$163,500. According to the response, "[t]he expense was allocated 25% to MDP's federal account and 75% to its non-federal account." Later, on November 1 and 2, 1994, MDP made additional transfers to the media firm totaling \$170,903 and \$184,413 respectively. Of these latter amounts \$78,170 was allocable to the state party committee's federal account and \$277,146 to its non-federal account. Apparently, the non-federal share of \$277,146 was paid directly from the non-federal account. These November allocations represented an overall ratio of 22% federal - 78% non-federal, the difference in ratios as compared to the October 14 transfer being explained by the MDP as due to its not having included an extra, generic, non-federal point in its earlier calculation as mandated at 11 C.F.R.

§ 106.5(d)(1)(ii). The MDP states that it should not have made wire transfers totaling \$277,146 to the media firm from its non-federal account, but rather should have paid the entire amount from its federal account and then reimbursed those account.

The MDP response asserts that the complaint in this matter incorrectly categorizes as "prohibited expenditures" the use of non-federal monies to pay a portion of the costs of the advertisement at issue because the advertisement constituted a "generic voter drive," thus bringing the costs involved within the coverage of the allocation formulas established by the Commission's regulations. The response argues that the advertisement entitled "Deal"

was an effort to urge the general public to vote for Democrats and against Republicans, based on the Republican position on various issues including tax cuts, Medicare, education, veterans benefits and defense increases. The advertisement did not mention any specific candidate, or for that matter, any particular office. It did not mention or refer to the Congress or to candidates or elections for Congress. It referred only to "the Republicans" and concluded by criticizing the Republican party generally.

The script attached to the MDP response addresses the video as well as the audio portions of the "Deal" advertisement as follows:

**October 12, 1994**

**VIDEO:**

**CHYRON:** Washington, DC  
September 17, 1994

Footage of a closed plant

**Headlines:** '80's saw rich  
get richer, poor poorer, study  
says" (Los Angeles Times:  
9/28/94)

**AUDIO:**

**ANNCR:** The Republicans just  
met in Washington to sign a  
contract for America's future . .

but it's really an echo of a failed  
past.

Huge tax cuts for the wealthy . .  
billions in defense increases and  
gigantic new job-killing deficits.

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"GOP robs future to write  
Contract with America"  
(U.S.A. Today, 9/28/94).

"GOP's 'Contract' Missing Its  
Price Tag, Critics Say"  
(Washington Post, 9/28/94).

Close up of the contract.

And buried in the fine print is  
the rest of the deal . . . deep cuts  
in Medicare, education and  
Veteran's benefits

**Chyron: CUT MEDICARE  
CUT EDUCATION  
CUT VETERAN'S BENEFITS**

The Republicans

Footage of Republican Candidates  
signing the contract.

They fooled us once and we'll  
be paying the bills for  
generations.

**Chyron: Why would we go back  
to that ?**

Why would we go back to that?

The MDP response acknowledges that this television advertisement "briefly pictures and refers to, an event held in Washington on September 27, 1994, at which a number of Republican candidates for Congress assembled and literally signed a version of the 'Contract with America'." In a footnote, the MDP response states:

The advertisement pictures a large number of Republican candidates for Congress, as a group, for a few seconds at the beginning and again at the end of the advertisement. No particular candidate for Congress would be recognizable to the ordinary viewer, however, due to the large size of the group and the very short period of time during which it is pictured.

The MDP response argues further than the advertisement's reference to the signing of the Contract with America does not change the "classification of this advertising . . . as a 'generic voter drive' activity." "[B]y no stretch of the imagination could this advertisement possibly be categorized as being on behalf of any 'clearly identified candidate' under 11 C.F.R. § 106.1(a)"

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and, therefore, according to the MDP, it falls within the regulations which specify how such expenditures are to be allocated. The response also argues that an analysis of the content of the "Deal" advertisement would lead to the same conclusion as it "does not mention Congress, Republicans in Congress or Republican candidates for Congress."

According to the MDP response, the "Deal" advertisement was intended "to identify Republicans running for office at all levels with positions on certain issues which were being addressed by candidates in state and local races as well as federal races." As support for this latter argument, the MDP response cites reported events in various states at which Republican candidates for state or local office signed or endorsed "contracts" which addressed "the very issues in the 'Contract with America' that were attacked in the MDP 'deal' advertisement - - namely tax cuts and cuts in social programs."

The MDP response does state that, of the total of \$355,316 paid to Grunwald by means of wire transfers on November 1 and 2, 1994, \$78,170 was allocable to federal shares. This figure was, however, "inadvertently treated as allocable expenses and a further allocation was made." Of the \$78,170, \$58,627.50 was deemed allocable to the MDP's non-federal account. According to the response, the result was an overpayment by the non-federal account of \$58,627.50. The MDP argues that this overpayment was balanced by excessive payments totaling \$83,525.41 made from the federal account as a result of the application of a ballot composition ratio which used 25% rather than 22% for the federal share. The 3% difference assertedly was again the result of the committee's not including an additional, generic point in calculating the non-federal portion.

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## D. Analysis

### 1. Generic Voter Drive

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The threshold issue in this matter is whether a particular television advertisement produced by the DNC and placed by the MDP constituted a generic voter drive, thus bringing its placement costs within the coverage of 11 C.F.R. § 106.5(b) and (d). Section 106.5 not only permits but requires the allocation of costs of generic voter drive programs between federal and non-federal elections and, if applicable, between federal and non-federal accounts. It provides that expenditures for allocable activity such as generic voter drives are to be made initially from a federal account, or from a special allocation account, for both federal and non-federal activities, not from a non-federal account. 11 C.F.R. § 106.5(g)(1)(i). If such shared expenditures are made from a committee's federal account, a non-federal account may reimburse the federal account for the non-federal portion within specified time periods. 11 C.F.R. § 106.5(g)(2). By definition, such reimbursements may contain funds which would be impermissible if received directly by the federal account. If, however, an advertisement does not meet the criteria for a generic voter drive, then its costs would be allocable to the individual candidates benefited, and expenditures related to any federal candidates would have to be made from an account containing only permissible funds.

As stated above, a "generic voter drive" is defined as an activity which "urge[s] the general public to register, vote or support candidates of a particular party or associated with a particular issue, without mentioning a specific candidate." 11 C.F.R. § 106.5(a)(2)(iv).

Recently a copy of the videotape of the advertisement at issue was provided. Based upon a viewing of the tape, it is clear that the audio portion of the "Deal" advertisement does not name

or otherwise identify in words any specific candidate. With regard to the video portion, Respondents argue that the Republican candidates who took part in the signing of the Contract with America, and who thus are shown during the advertisement, are on the screen only as parts of a group and only very briefly. The review of the tape has revealed that the video portion includes, at the beginning and the end, footage of the actual signing of the Contract with America, including close-ups of a few persons approaching the signing table. In this way certain individuals can be distinguished visually, including, for example, the Speaker of the U.S. House of Representatives, Newt Gingrich, although none of the individuals is specifically identified as a candidate from Michigan, nor from any other particular state. Given the way the party has treated its expenditures for this advertisement, and the above factors, the advertisement is viewed as having been a "generic voter drive."

## **2. Excessive Allocations to MDP's Non-Federal Account; Reporting of Allocations**

Pursuant to 11 C.F.R. § 106.5(d)(2), the MDP should have allocated its expenditures to Grunwald for 1994 generic voter drive activity in accordance with its "ballot composition" ratio of 22% federal to 78% non-federal, and, in fact, the final, overall ratio of federal to non-federal allocations of these expenditures reflects an even higher federal share. As stated in Advisory Opinion 1995-25, fn. 5, a party committee may allocate a higher percentage to its federal account, but may not allocate less than the percentage specified in the Commission's regulations. The MDP response to the complaint has, however, raised an issue concerning an apparent excessive allocation of shared expenses to this committee's non-federal account.

The following are the figures for federal and non-federal shares of payments to Grunwald reflected in the MDP's 1994 Pre-General and original 1994 Post-General Reports, in its response

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to the complaint in this matter, and in its amended 1994 Post-General Report. The figures for allocations of disbursements to the media firm between federal and non-federal shares cited in the MDP's response differ considerably from those in the committee's original Post-Election Report. The MDP's response figures also differ somewhat from those in its amended Post-General Election Report filed after the response; however, the totals and final ratios in these latter two sets of figures are the same.

**MDP'S 1994 PRE-GENERAL AND ORIGINAL 1994 POST-GENERAL REPORTS  
RE: EXPENDITURES TO GRUNWALD, ESKEW AND DONILON**

Date	Federal Share		Non-Federal Share		Totals
	Amount	%	Amount	%	
10/14	\$40,875	25%	\$122,625	75%	\$163,500
11/1	16,741	25%	50,223	75%	66,964
11/2	<u>2,801.50</u>	25%	<u>8,401.50</u>	75%	<u>11,206<sup>2</sup></u>
	\$60,417.50	25%	\$181,249.50	75%	\$241,670

**MDP'S RESPONSE TO THE COMPLAINT RE: EXPENDITURES TO GRUNWALD,  
ESKEW AND DONILON**

Date	Federal Share		Non-Federal Share		Totals
	Amount	%	Amount	%	
10/14	\$40,875	25%	\$122,625	75%	\$163,500
11/1	66,964 <sup>3</sup>	39%	103,939	61%	170,903
11/2	<u>11,206<sup>4</sup></u>	06%	<u>173,207</u>	94%	<u>184,413</u>
	\$119,045	23%	\$399,771	77%	\$518,816

<sup>2</sup> \$66,964 + 11,206 = \$78,170. See discussion of asserted bookkeeping error below.

<sup>3</sup> This figure matches the total for November 1 payments in the chart above.

<sup>4</sup> This figure matches the total for November 2 payments in the chart above.

**MDP'S 1994 PRE-GENERAL AND AMENDED 1994 POST-GENERAL REPORTS  
RE: EXPENDITURES TO GRUNWALD, ESKEW AND DONILON**

<u>Date</u>	<u>Federal Share</u>		<u>Non-Federal Share</u>		<u>Totals</u>
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
10/14	\$40,875	25%	\$122,625	75%	\$163,500
11/1	37,599	22%	133,304	78%	170,903
11/2	<u>40,571</u>	22%	<u>143,842</u>	78%	<u>184,413</u>
	\$119,045	23%	\$399,771	77%	\$518,816

As can be seen from a comparison of the sets of figures reproduced above, the original 1994 Post-General Report contained figures for expenditures made to Grunwald on November 1 and 2, 1994 which were considerably smaller than the figures for expenditures to Grunwald on the same dates which are cited in the response to the complaint and in the amended Post-General Report. As noted above, MDP has explained in its response that on November 1 and 2 it made wire transfers to Grunwald in the amounts of \$170,903 and \$184,413; the MDP has also subsequently amended its 1994 Post-General Report to this effect. According to the MDP response, the federal shares of the two wire transfers were \$66,964 and \$11,206, for a total of \$78,170. Due to an asserted "bookkeeping error," the \$78,170 was then allocated once more into federal and non-federal shares, with \$58,627.50 of the \$78,170 (\$50,223 + \$8,404.50) being assigned to non-federal shares.

Based upon the MDP's response to the complaint, and as reflected in the committee's amended 1994 Post-General Report, the entire \$78,170 which was reported as having gone to Grunwald on November 1 and 2, and which was originally allocated into federal and non-federal shares on the MDP's original Post-General Report, was apparently allocable to the federal share

alone and represented only a part of the November 1 and 2 transfers to the media firm. The MDP argues that its mistaken and apparently excessive allocation of \$58,627.50 to its non-federal account was compensated by payments by the MDP's federal account of non-federal shares totaling \$83,525.41 during the 1993-1994 election cycle; this federal overpayment was assertedly the result of the application of a 25% - 75% rather than a 22% - 78% federal/non-federal ratio. Neither the purposes nor the timing of these apparently unreimbursed federal payments for non-federal shares is known.<sup>5</sup>

As is stated above, the Act and the Commission's regulations require that all expenditures for federal activity be made with permissible funds and from federal accounts containing only such monies. In the present matter, the excessive payments totaling \$58,657.50 made from the MDP's non-federal account for federal activity resulted in the use of an account containing impermissible monies to make disbursements for what were federal shares of joint activity. Therefore, there is reason to believe that the MDP and Barbara J. Rom, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441b and 11 C.F.R. §§102.5 and 106.5(d) as a result of overallocating to the MDP's non-federal account \$58,657.50 in costs of generic voter drive advertisements in 1994.

As is also stated above, the MDP included the information about its overpayment from its non-federal account in its response to the complaint in this matter. The Committee argues that

<sup>5</sup> It is unclear from the MDP's response whether the \$83,525.41 figure for asserted overpayments by the federal account involved "Deal" advertisement expenditures or other, unrelated, shared expenditures. Even assuming that the entire \$83,525.41 was related to the placement of the advertisement at issue, there is insufficient information available to the Commission to establish how the difference between a 25% allocation of expenses to the federal account and a 22% allocation resulted in this amount of overspending by the federal account.

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the non-federal overpayment was remedied by overpayments by its federal account for non-federal activity. It is, however, the position of the Commission that, while the MDP's forthcomingness and overpayments by its federal account may well serve to mitigate the violations arising from the overuse of non-federal funds, the violations themselves remain. The Commission's regulations do not contemplate excessive payments for shared activity by a federal account as compensation for excessive allocations to a non-federal account containing impermissible funds.

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Although termed "further" allocations in the response to the complaint, the two payments of \$66,964 and \$11,206 were the only transactions with Grunwald on November 1 and 2, 1994 which were itemized on the MDP's original 1994 Post-General Report. The MDP's response to the complaint cites payments of \$170,903 and \$184,413 to Grunwald on those dates, for a total of \$355,316, with allocated federal portions of \$66,964 and \$11,206. The MDP's amended 1994 Post-General Report also shows transactions with Grunwald on November 1 and 2 totaling \$355,316, but the reported federal shares of the two transfers are \$37,598.66 and \$40,570.86. No explanation for the differences between the allocations of the November 1 and 2 expenditures cited in the response to the complaint and those in the amended 1994 Post-General Report has been offered. Given the discrepancies between the response and the amended report, there is reason to believe that the MDP and Barbara J. Rom, as treasurer, violated 11 C.F.R. § 104.10(b)(1) by misreporting the allocations of disbursements made to Grunwald.

### **3. Initial Payments for Non-Federal Share of Allocable Expenses from MDP's Non-Federal Account**

As is stated above, 11 C.F.R. § 106.5(g)(1)(i) and (ii) require that expenditures for shared federal and non-federal activity must either be paid from a federal account or from a separate

allocation account. The MDP admits that it made \$277,146 in wire transfers to Grunwald for the non-federal portion of shared activity from its non-federal account, rather than making these initial payments from its federal account and then reimbursing such account with non-federal funds. Therefore, there is reason to believe that the MDP and Barbara J. Rom, as treasurer, violated 11 C.F.R. § 106.5(g)(1)(i).

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**BEFORE THE FEDERAL ELECTION COMMISSION**

In the Matter of

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**MUR 4215**

**INTERROGATORIES AND REQUEST  
FOR PRODUCTION OF DOCUMENTS**

TO: Michigan Democratic State Central Committee  
Barbara J. Rom, as treasurer  
606 Townsend  
Lansing, Michigan 48933

In furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby requests that you submit answers in writing and under oath to the questions set forth below within 30 days of your receipt of this request. In addition, the Commission hereby requests that you produce the documents specified below, in their entirety, for inspection and copying at the Office of the General Counsel, Federal Election Commission, Room 659, 999 E Street, N.W., Washington, D.C. 20463, on or before the same deadline, and continue to produce those documents each day thereafter as may be necessary for counsel for the Commission to complete their examination and reproduction of those documents. Clear and legible copies or duplicates of the documents which, where applicable, show both sides of the documents may be submitted in lieu of the production of the originals.

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### **INSTRUCTIONS**

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

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

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

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

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

Unless otherwise indicated, the discovery request shall refer to the time period from January 1 to December 30, 1994.

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

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**DEFINITIONS**

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

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

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

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

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

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

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**INTERROGATORIES**

1. State the amounts and receipt dates of all transfers made by the Democratic National Committee to the Michigan Democratic State Central Committee ("the Committee") for purposes of placement of the "Deal" advertisement on Michigan stations in 1994.
2. State the Committee account into which each of the transfers identified in answer to Interrogatory 1 was deposited, and specify whether each such account was a federal or a non-federal account.
3. Specify which of the following transfers made to the Committee by the Democratic National Committee in 1994 are covered by the response to Interrogatory 1, and then state the purpose(s) of the remaining transfers:

<u>Date of Transfer</u>	<u>Amount</u>
10/11/94	\$ 25,000
10/12/94	35,970
10/18/94	155,000
10/24/94	15,043
10/24/94	127,530
10/24.94	14,273
10/24/94	53,336
10/24/94	50,603
10/25/94	75,000
10/28/94	37,648
11/01/94	11,206
11/01/94	173,207

4. Identify all persons representing both the Committee and the Democratic National Committee who were involved in discussions or negotiations leading up to the transfers to the Michigan Democratic State Central Committee cited in the response to Interrogatory 1.
5. The Committee has stated that, during the 1993-1994 cycle, "overpayments" totaling \$83,525.41 were made from its federal account(s) for non-federal activity. Please itemize by date, amount and purpose the payments comprising this total.

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Michigan Democratic State Central Committee  
Barbara J. Rom, as treasurer  
Page 5

6. There are discrepancies between the figures contained in the Committee's response to the complaint in MUR 4215 and the figures in its 1994 Pre-General and Amended 1994 Post-General Reports for federal/non-federal allocations of expenditures made on November 1 and November 2, 1994, to Grunwald, Eskew and Donilon. Please explain.

**REQUEST FOR PRODUCTION OF DOCUMENTS**

Produce all documents related to the transfers made by the Democratic National Committee to the Committee which are identified in response to Interrogatories 1 and 3.

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

November 6, 1996

Joseph E. Sandler, General Counsel  
Neil P. Reiff, Deputy General Counsel  
Democratic National Committee  
430 S. Capitol Street, SE  
Washington, DC 20003

RE: MUR 4215  
Democratic National Committee  
R. Scott Pastrick, as treasurer

Dear Mr. Sandler and Mr. Reiff:

On June 1, 1995, the Federal Election Commission notified the Democratic National Committee ("the Committee") and its treasurer of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your clients at that time.

Upon further review of the allegations contained in the complaint, and of information supplied by you, the Commission, on November 1, 1996, found there is reason to believe the Committee and R. Scott Pastrick, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441b and 11 C.F.R. §§ 106.5(b) and 106.5(g)(1)(i), provisions of the Act and of the Commission's regulations. The Factual and Legal Analysis, which formed a basis for the Commission's findings, 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, together with answers to the enclosed interrogatories and request for production of documents, within 30 days of 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 violations have occurred and proceed with conciliation.

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to respondents.

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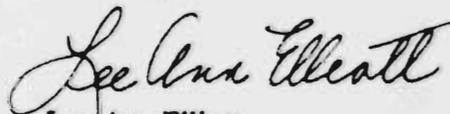
Joseph E. Sandler, General Counsel  
Neil P. Reiff, Deputy General Counsel  
Democratic National Committee  
Page 2

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.

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

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

Sincerely,



Lee Ann Elliott  
Chairman

Enclosures

Factual and Legal Analysis  
Interrogatories and Request for  
Production of Documents

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**FEDERAL ELECTION COMMISSION**  
**FACTUAL AND LEGAL ANALYSIS**

**RESPONDENTS:** DNC Services Corporation/Democratic  
National Committee  
R. Scott Pastrick, as treasurer

**MUR: 4215**

**I. GENERATION OF MATTER**

The complaint in this matter was filed by the Michigan Republican State Committee ("the MRSC") on May 25, 1995. The complaint alleges that the DNC Services Corporation/Democratic National Committee and its treasurer, ("the DNC" or "Respondents"), violated 2 U.S.C. §§ 441a and 441b and 11 C.F.R. §§ 102.5 and 106.5 when they made expenditures in October, 1994, for advertisements shown on television and radio stations in Michigan which were focused on the "Contract With America" that had been signed by Republican candidates for the U.S. House of Representatives. Respondents were notified of this complaint on June 1, 1995, and on June 30, 1995, filed a response. R. Scott Pastrick is the current treasurer of the DNC; Robert T. Matsui was treasurer at the time the complaint was filed.

**II. FACTUAL AND LEGAL ANALYSIS**

**A. The Complaint**

The complaint alleges that in 1994 the DNC, in coordination with the Michigan Democratic State Central Committee ("MDP"), made expenditures using impermissible funds to produce and to air advertisements on Michigan stations for purposes of influencing federal elections. Exhibit B attached to the complaint contains the purported scripts for these advertisements. According to the complaint, the script for the first advertisement, entitled "Go Back 2," read:

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Republican candidates from all across America just flew to Washington to sign a contract with the Republican leaders of Congress.

What did they commit to? . . . Huge tax cuts for the wealthy, billions in defense increases, a trillion dollars in promises.

How will they make up the spending gap? . . . Explode the deficit again, make devastating cuts in Medicare?

They call it a contract to return to the Reagan years. "Trickle Down Economics," deficits out of control.

Why should we go back now?

The second advertisement was entitled "Deal." The script attached to the complaint read:

The Republicans just met in Washington to sign a contract for America's future. But it's really an echo of the failed past. Huge tax cuts for the wealthy, Billions in Defense increases, and gigantic new job killing deficits. And buried in the fine print is the rest of the deal:

Deep cuts in Medicare, Education and Veterans benefits.

The Republicans, . . . . They fooled us once, and we'll be paying the bills for generations. Why should we go back to that?

Exhibit A attached to the complaint is a copy of a press release apparently issued by the DNC on October 12, 1994, and entitled "DNC Announces Two Million Dollar Fall Media Campaign." Exhibit C consists of three pages from the October 16, 1994, edition of The White House Bulletin. The complaint notes that on pages 3 and 4 of the latter exhibit there is a discussion of the DNC press release, including a quotation of the last paragraph of the release which reads:

"The ads are intended to supplement the Party's coordinated campaign efforts and will air in about ten states beginning this Friday. Additionally, the ads are being made available to Democratic candidates and state parties across the country."

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According to the complaint, again citing The White House Bulletin, at least \$180,000 was spent by the MDP to air these advertisements in Michigan, and both federal and non-federal funds were used for this purpose. The complaint alleges that the DNC used non-federal funds to produce the spots. The complaint concludes that, by using such funds to finance advertisements which focused on the Contract with America, "a clear reference to Republican congressional candidates," the respondents violated, "among others," 2 U.S.C. §§ 441a and 441b and 11 C.F.R. §§ 102.5 and 106.5.

#### B. The Law

2 U.S.C. § 441a(a)(1)(B) limits to \$20,000 the amount which any person may contribute to a political committee established by a national political party. 2 U.S.C. § 441a(f) prohibits political committees from accepting contributions or making expenditures in violation of the statutory limitations, while 2 U.S.C. § 441b prohibits political committees from making or accepting contributions which contain corporate or labor union funds.

11 C.F.R. § 102.5(a)(1) requires that political committees which make expenditures "in connection with both federal and non-federal elections" either establish separate federal and non-federal accounts or set up a single account "which receives only contributions subject to the limitations and prohibitions of the [Federal Election Campaign] Act." If separate federal and non-federal accounts are established, all expenditures made in connection with federal elections must be made from the federal account.

11 C.F.R. § 106.1(a) requires that "expenditures made on behalf of more than one clearly identified candidate . . . be attributed to each such candidate according to the benefit reasonably expected to be derived." 11 C.F.R. § 106.1(c)(2) exempts from attribution or allocation to

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individual candidates expenditures for registration and get-out-the-vote activities "unless these expenditures are made on behalf of a clearly identified candidate and the expenditure can be directly attributed to that candidate." In 1994 "clearly identified" was defined at 11 C.F.R. § 100.17 as meaning the appearance of the candidate's name, photograph, or drawing or "the identity of the candidate is apparent through an unambiguous reference."<sup>1</sup>

11 C.F.R. § 106.5(a)(1) requires that party committees which make expenditures in connection with both federal and non-federal elections either use only permissible funds to make such expenditures or establish separate federal and non-federal accounts pursuant to 11 C.F.R. § 102.5. If separate accounts are used, expenditures for shared federal and non-federal activity must be allocated between these accounts, and the committee must pay "the entire amount of an allocable expense from its federal account and [then] transfer funds from its non-federal account to its federal account solely to cover the non-federal share of that allocable expense." 11 C.F.R. § 106.5(g)(1)(i). An alternative method of payment is for the party committee to establish a third, allocation account into which funds from its federal and non-federal accounts are deposited only for the purpose of paying shared expenses. 11 C.F.R. § 106.5(g)(1)(ii). Any transfers from the non-federal account made for purposes of paying the non-federal share of allocable expenses must not be made more than 10 days before the payments which they are intended to reimburse are made, nor more than 60 days after the making of such expenditures. 11 C.F.R. § 106.5(g)(2)(ii)(B).

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<sup>1</sup> In 1995 this regulation was amended to provide examples of unambiguous references to the identity of the candidate such as "the President" or "the incumbent," or to his or her status as a candidate such as "the Democratic presidential nominee" or "the Republican candidate for Senate in the State of Georgia."

Pursuant to 11 C.F.R. 106.1(e), party committees that make disbursements for certain specific categories of activities undertaken in connection with both federal and non-federal elections must allocate those expenses in accordance with the rules at 11 C.F.R. § 106.5. These categories include administrative expenses, fundraising costs, the costs of certain activities which are exempt from the definitions of "contribution" and "expenditure," and the costs of generic voter drives. 11 C.F.R. § 106.5(a)(2)(i-iv). "Generic voter drives" include activities which "urge the general public to register, vote or support candidates of a particular party or associated with a particular issue, without mentioning a specific candidate." 11 C.F.R. § 106.5(a)(2)(iv).

Generally, state party committees using separate federal and non-federal accounts must allocate the costs of the above categories of expenses, including generic voter drives, using the "ballot composition method." 11 C.F.R. § 106.5(d)(2). National party committees, other than Senate or House campaign committees, must allocate the costs of generic voter drives according to fixed percentages; in non-presidential election years the fixed amount for the federal account's share is at least 60%. 11 C.F.R. § 106.5(b)(2)(ii).

### C. Response to Complaint

In the introductory portion of its response, the DNC states that in 1994 it "paid for the production of several advertisements, including the one at issue, and made them available to state parties." The DNC treated the production costs as a generic voter drive activity, and "paid for them according to the ratio prescribed in the Commission's regulations."

More specifically, the response states that the DNC produced four television advertisements in mid-October 1994 for use by state Democratic parties in that year's general election campaigns. The DNC assertedly paid the firm of Grunwald, Eskew and Donilon

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("Grunwald") directly for the production costs associated with these advertisements, "treated [this] production . . . as a 'generic voter drive' activity and allocated the production costs 60% to its federal account and 40% to its non-federal account." The response does not provide a dollar amount for these production costs.<sup>2</sup>

The DNC response goes on to state that the MDP decided to air one of the DNC advertisements and that "[t]he DNC transferred to the Michigan Democratic Party sufficient funds to pay for television time to broadcast the advertisement. . . . The DNC and the MDP allocated the costs of this activity according to the ballot composition method, as prescribed in the Commission's regulations." The response later expands upon this explanation as follows:

The DNC transferred to the MDP sufficient amounts from the DNC's federal and non-federal accounts to cover the costs of purchasing television time to run the advertisement, on the assumption that the MDP would treat the broadcast of the advertisements as a generic voter drive activity and allocate the costs between its own federal and non-federal accounts based on MDP's "ballot composition ratio" for the 1993-94 cycle. That ratio was 22% federal, 78% non-federal. . . . MDP paid the Grunwald firm to purchase the television time.

Again, no total figures are provided in the body of the response with regard to the amount transferred to the MDP for purposes of television time purchases; however, the DNC attached to its response copies of reports submitted to the Commission which itemize a series of transfers to

<sup>2</sup> According to the DNC Service Corp/DNC 1994 30-Day Post General Election Report, between November 1 and November 3, 1994, four payments totaling \$645,000 were made to Grunwald for "media." On November 8, six additional payments totaling \$56,092.51 were made to the same firm for "consulting fees." All of these payments were reported on Schedules H4 as having been made from a DNC federal account. Of these totals, 60% was allocated as the federal share and 40% as the non-federal share. It cannot be ascertained from the reports whether and how much of these expenditures represented production costs specifically related to the advertisement(s) used by the MDP.

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the MDP in mid- and late October, 1994 from the DNC's federal and non-federal accounts. The transfers from the DNC itemized in the reports attached to the response are as follows:

<u>Federal Accounts</u>		<u>Non-Federal Accounts</u>	
10/12	\$ 35,970	10/11	\$ 25,000
10/24	15,043	10/24	127,530
10/24	14,273	10/18	155,000
10/28	37,648	10/24	53,336
11/1	<u>11,206</u>	10/24	50,603
	\$114,140	10/25	75,000
		11/1	<u>173,207</u>
			\$659,676

These transfers totaled \$773,816. It cannot be ascertained from the reports how much of this total was intended to be used for placement of the advertisements at issue. Of the \$773,816 figure, apparently 14.75% came from the DNC's federal accounts and 85.25% from its non-federal accounts. It is presently unclear whether and how these transfers related to the DNC's asserted reliance upon the MDP's ballot composition ratio of 22% federal - 78% non-federal.

The DNC argues that the television advertisements at issue were "clearly a 'generic voter drive' activity within the meaning of 11 C.F.R. § 106.5(a)(2)(iv)." The DNC cites an asserted emphasis on Republican issues and argues that the advertisement used in Michigan

**did not mention any specific candidate or, for that matter, any particular office. It did not mention or refer to the Congress or to candidates or elections for Congress. It referred only to "the Republicans" and concluded by criticizing the Republican party generally. "The Republicans. They fooled us once. . . . Why would we go back to that?"**

The script attached to the DNC response addresses the video as well as the audio portions of the "Deal" advertisement as follows:

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**"DEAL" DNC-TV**  
October 12, 1994

**VIDEO:**

**CHYRON:** Washington, DC  
September 17, 1994

Footage of a closed plant

**Headlines:** '80's saw rich  
get richer, poor poorer, study  
says" (Los Angeles Times;  
9/28/94)

"GOP robs future to write  
Contract with America"  
(U.S.A. Today, 9/28/94).

"GOP's 'Contract' Missing Its  
Price Tag, Critics Say"  
(Washington Post, 9/28/94).

Close up of the contract.

**Chyron:** CUT MEDICARE  
CUT EDUCATION  
CUT VETERAN'S BENEFITS

**Footage of Republican Candidates**  
signing the contract.

**Chyron:** Why would we go back  
to that?

**AUDIO:**

**ANNCR:** The Republicans just  
met in Washington to sign a  
contract for America's future . .

but it's really an echo of a failed  
past.

Huge tax cuts for the wealthy . .  
billions in defense increases and  
gigantic new job-killing deficits.

And buried in the fine print is  
the rest of the deal . . . deep cuts  
in Medicare, education and  
Veteran's benefits

The Republicans

They fooled us once and we'll  
be paying the bills for  
generations.

Why would we go back to that?

The DNC response acknowledges that this television advertisement "briefly pictures and refers to, an event held in Washington on September 27, 1994, at which a number of Republican

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candidates for Congress assembled and literally signed a version of the 'Contract with America'." In a footnote, the DNC response states:

The advertisement pictures a large number of Republican candidates for Congress, as a group, for a few seconds at the beginning and again at the end of the advertisement. No particular candidates for Congress would be recognizable to the ordinary viewer, however, due to the large size of the group and the very short period of time during which it is pictured.

The DNC response also asserts that the complaint in this matter incorrectly categorizes as "prohibited expenditures" the use of non-federal monies to pay a portion of the costs of the advertisement at issue because the advertisement constituted a "generic voter drive," thus bringing the costs involved within the coverage of the allocation formulas established by the Commission's regulations. The response argues that the advertisement entitled "Deal"

was a effort to urge the general public to vote for Democrats and against Republicans, based on the Republican position on various issues including tax cuts, Medicare, education, veterans benefits and defense increases. The advertisements did not mention any specific candidate, or for that matter, any particular office. It did not mention or refer to the Congress or to candidates or elections for Congress. It referred only to "the Republicans" and concluded by criticizing the Republican party generally.

The DNC response argues further that the advertisement's reference to the signing of the Contract with America does not change the "classification of this advertising . . . as a 'generic voter drive' activity. "[B]y no stretch of the imagination could this advertisement possibly be categorized as being on behalf of any 'clearly identified federal candidate' under 11 C.F.R. § 106.1(a)" and, therefore, the DNC asserts that it falls within the regulations which specify how such expenditures are to be allocated. The DNC response also argues that an analysis of the content of the "Deal" advertisement would lead to the same conclusion as it "does not mention Congress, Republicans in Congress or Republican candidates for Congress."

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According to the DNC response, the "Deal" advertisement was intended "to identify Republicans running for office at all levels with positions on certain issues which were being addressed by candidates in state and local races as well as federal races." As support for this latter argument, the response cites reported events in various states at which Republican candidates for state or local office signed or endorsed "contracts" which addressed "the very issues in the 'Contract with America' that were attacked in the MDP 'deal' advertisement -- tax cuts and cuts in social programs."

#### D. Analysis

##### 1. Generic Voter Drive

The threshold issue in this matter is whether a particular television advertisement produced by the DNC and placed by the MDP constituted a generic voter drive, thus bringing its production and placement costs within the coverage of 11 C.F.R. § 106.5(b) and (d). Section 106.5 not only permits but requires the allocation of costs of generic voter drive programs between federal and non-federal elections and, if applicable, between federal and non-federal accounts. It provides that expenditures for allocable activity such as generic voter drives are to be made initially from a federal account, or from a special allocation account, for both federal and non-federal activities, not from a non-federal account. 11 C.F.R. § 106.5(g)(1)(i) and (ii). If such shared expenditures are made from a committee's federal account, a non-federal account may reimburse the federal account for the non-federal portion within specified time periods. 11 C.F.R. § 106.5(g)(2). By definition, such reimbursements may contain funds which would be impermissible if received directly by the federal account. If, however, an advertisement does not meet the definition of a generic voter drive, then its costs would be allocable to the individual

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candidates benefited, and expenditures related to any federal candidates would have to be made from an account containing only permissible funds.

As stated above, a "generic voter drive" is defined as an activity which "urge[s] the general public to register, vote or support candidates of a particular party or associated with a particular issue, without mentioning a specific candidate." 11 C.F.R. § 106.5(a)(2)(iv).

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Recently a copy of the videotape of the advertisement at issue was provided. Based upon a viewing of this tape, it is clear that the audio portion of the "Deal" advertisement does not name or otherwise identify in words any specific candidate. With regard to the video portion, Respondents argue that the Republican candidates who took part in the signing of the Contract with America, and who thus are shown during the advertisement, are on the screen only as parts of a group and only very briefly. The review of the tape has revealed that the video portion includes, at the beginning and the end, footage of the actual signing of the Contract with America, including close-ups of a few persons approaching the signing table. In this way certain individuals can be distinguished visually, including, for example, the Speaker of the U.S. House of Representatives, Newt Gingrich, although none of these individuals is identified as a candidate from Michigan, nor from any other particular state. Given the way the party has treated its expenditures for this advertisement, and the above factors, the advertisement is viewed as having been a "generic voter drive."

## 2. Ratios Applied by the DNC

As is also stated above, the Commission's regulations at 11 C.F.R. § 106.5(b) provide that national party committees making expenditures for generic voter drives in non-presidential years must allocate those costs according to the fixed percentages of 60% federal and 40% non-

federal. In the present matter, the DNC apparently provided all of the funding for the MDP's 1994 voter drive program. It did so directly by paying Grunwald for the costs of producing the advertisements to be used, using the appropriate 60% federal - 40% non-federal ratio. It also paid Grunwald indirectly by transferring funds to the MDP from both its federal and non-federal accounts for the acknowledged purpose of paying the media firm for the placement of one of the advertisements. If the DNC had elected to make expenditures directly to Grunwald for placement costs, there is no question that the fixed ratio of 60% federal - 40% non-federal would have applied. Since the transfers to the MDP were intended for the specific purpose of paying the firm for placement of a DNC advertisement, it is the DNC's ratio which should have been applied to the DNC transfers/placement expenditures, not the ratio applicable to the MDP. The DNC could not achieve a higher non-federal share, and thus expend more from its non-federal accounts, by doing indirectly what it could not do directly; i.e., the DNC could not allocate to its non-federal accounts more than 40% of the transfers to be used by the MDP for placement of the DNC advertisements.

The DNC disclosure reports attached to its response itemize a total of \$114,140 in transfers made from its federal accounts to the MDP between October 12 and November 1, 1994. These reports also show a total of \$659,676 in payments from non-federal DNC accounts to the MDP between October 11 and November 1, 1994. Assuming that all of these payments were intended to be used by the MDP for placement of the "Deal" advertisement through Grunwald, the transfers by the DNC were allocated on a 14.75% - 85.25% basis. The DNC's written response to the complaint, as quoted at pages 7-8 above, states that "[t]he DNC and the MDP allocated the costs of this activity according to the ballot composition method" and cites "the

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assumption" that the MDP would allocate placement costs as per its "ballot composition ratio," or 22% federal - 78% non-federal.

Whether the DNC allocated 14.75% or 22% as the federal portion of its transfers to the MDP, either figure would have been considerably less than the 60% federal portion mandated by the regulations. Therefore, there is reason to believe that the DNC and R. Scott Pastrick, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441b and 11 C.F.R. § 106.5(b) by overallocating the non-federal share of its transfers to the MDP and thus using an amount from its non-federal accounts that was in excess of the percentage allowed by the regulations. In so doing, the DNC paid a portion of the federal share of the placement costs with impermissible funds held in its non-federal accounts. In addition, the DNC made the transfers to the MDP from both its federal and non-federal accounts, rather than from its federal accounts with subsequent reimbursements by the non-federal accounts as required by 11 C.F.R. § 106.5(g)(1)(i). Therefore, there is also reason to believe that the DNC and R. Scott Pastrick, as treasurer, violated this additional regulatory provision.

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**BEFORE THE FEDERAL ELECTION COMMISSION**

In the Matter of

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**MUR 4215**

**INTERROGATORIES AND REQUEST  
FOR PRODUCTION OF DOCUMENTS**

TO: Democratic National Committee  
R. Scott Pastrick, as treasurer  
430 S. Capitol Street, SE  
Washington, DC 20003

In furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby requests that you submit answers in writing and under oath to the questions set forth below within 30 days of your receipt of this request. In addition, the Commission hereby requests that you produce the documents specified below, in their entirety, for inspection and copying at the Office of the General Counsel, Federal Election Commission, Room 659, 999 E Street, N.W., Washington, D.C. 20463, on or before the same deadline, and continue to produce those documents each day thereafter as may be necessary for counsel for the Commission to complete their examination and reproduction of those documents. Clear and legible copies or duplicates of the documents which, where applicable, show both sides of the documents may be submitted in lieu of the production of the originals.

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**INSTRUCTIONS**

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

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

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

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

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

Unless otherwise indicated, the discovery request shall refer to the time period from January 1 to December 30, 1994.

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

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**DEFINITIONS**

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

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

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

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

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

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

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**INTERROGATORIES**

1. State the amounts and dates of all transfers made by the Democratic National Committee to the Michigan Democratic State Central Committee for purposes of placement of the "Deal" advertisement on Michigan stations in 1994.
2. State the Committee account from which each of the transfers identified in answer to Interrogatory 1 was made, and specify whether each such account was a federal or a non-federal account.
3. State the purpose(s) of all transfers to the Michigan Democratic State Central Committee cited in the Factual and Legal Analysis at page 7 which are not covered by the response to Interrogatory 1.
4. Identify all persons who were involved in the decisions to make the transfers to the Michigan Democratic State Central Committee which are cited in the response to Interrogatory 1.

**REQUEST FOR PRODUCTION OF DOCUMENTS**

Produce all documents related to the transfers made by the Democratic National Committee to the Michigan Democratic State Central Committee which are identified in response to Interrogatories 1 and 3.

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DEMOCRATIC NATIONAL COMMITTEE

Donald L. Fowler, National Chair • Christopher J. Dodd, General Chair

December 3, 1996

Anne A. Weissenborn, Esq.  
Office of the General Counsel  
Federal Election Commission  
999 E Street, NW, Room 639  
Washington, DC 20463

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RECEIVED  
FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

RE Request for Extension of Time to Respond to Reason to Believe Finding in MUR 4215

Dear Ms. Weissenborn:

On behalf of the DNC Services Corporation/Democratic National Committee ("DNC"), and R. Scott Pastrick, as Treasurer, the undersigned respectfully request an extension of time of twenty (20) days in which to respond to the Commission's finding of reason to believe the DNC violated 2 U.S.C. §§ 441a(f) and 441b and 11 C.F.R. §§ 106.5(b) and 106.5(g)(1)(i), and the accompanying Interrogatories and Request for Production of Documents.

This extension is warranted due to the other document reviews the DNC is currently conducting involving overlapping periods of time and sources of information. The extensive nature and scope of these ongoing reviews means that we will require additional time to conduct a thorough and complete search for the documents relevant to this request. With an extension of twenty (20) days, the DNC will be able to make an appropriate response to the Commission's finding, including a written response to the reason to believe finding, as well as comprehensive answers to the Commission's interrogatories and request for documents.

Notice of the Commission's finding in this matter was received by the DNC on November 6, 1996, and if this extension request is granted, the DNC's response, answers to interrogatories, and production of documents will be due no later than December 29, 1996.

We appreciate your office's consideration of this request and look forward to hearing from you soon.

Sincerely,

*Joseph E. Sandler*  
Joseph E. Sandler, General Counsel  
Neil P. Reiff, Deputy General Counsel



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

December 4, 1996

Joseph E. Sandler, General Counsel  
Neil P. Reiff, Deputy General Counsel  
Democratic National Committee  
430 South Capitol Street, SE  
Washington, DC 20003

RE: MUR 4215

Dear Mr. Sandler and Mr. Reiff:

This is in response to your letter dated December 3, 1996, which we received on that same date, requesting an extension of twenty days within which to respond to the Commission's reason to believe determinations and to the discovery requests in this matter. After considering the circumstances presented in your letter, the Office of the General Counsel has granted the requested extension. Accordingly, and given the fact that December 29 falls on a weekend, your response is due by the close of business on December 30, 1996.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Anne A. Weissenborn".

Anne A. Weissenborn  
Senior Attorney

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**BEFORE THE  
FEDERAL ELECTION COMMISSION**

**In the matter of:**

**Democratic National Committee  
and  
R. Scott Pastrick, Treasurer**

)  
)  
)  
)

**MUR 4215**

**DEC 30 4 31 PM '95**

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

**RESPONSE TO "REASON TO BELIEVE" FINDING**

This memorandum is submitted, through counsel, on behalf of respondents DNC Services Corporation/Democratic National Committee ("DNC"), and R. Scott Pastrick, as treasurer. Respondents submit that for the following reasons, the Federal Election Commission's ("FEC" or "the Commission") finding of reason to believe that the DNC violated 2 U.S.C. §§ 441a(f) and 441b and 11 C.F.R. § 106.5(b) is without merit. Accordingly, the Commission should find no probable cause to believe a violation has occurred and close the matter.

**I. FACTUAL BACKGROUND**

In the 1994 election cycle, the DNC paid for the production of several advertisements, including "Deal," the advertisement at issue in this case, and made them available to state parties. The DNC paid the media firm of Grunwald, Eskew and Donilon for the production costs of these advertisements. The DNC treated the costs of producing these advertisements as generic voter drive expenses, and paid these costs in accordance with the Commission's allocation regulations. The costs were allocated 60% to the DNC's federal account and 40% to the non-federal account.

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Later in 1994, the Michigan Democratic Party ("MDP"), after reviewing the various advertisements, decided to run one of the advertisements the DNC created, entitled "Deal." The text and a description of the advertisement are attached to respondents' original response. The DNC transferred funds to the MDP, an affiliated party committee, sufficient to cover the cost of buying air time for the ad, on the assumption that MDP would treat the broadcast of the advertisement as a generic voter drive activity and allocate the costs between its own federal and non-federal accounts based on MDP's "ballot composition ratio" for the 1993-94 cycle. That ratio was 22% federal, 78% non-federal. (Report pages reflecting these transfers were attached to our original response; further documentation of these transfers is enclosed herewith, pursuant to the Commission's document request.)

The "Deal" advertisement was broadcast during approximately the last week of October and the first week of November, 1994, up until Election Day, in the Detroit, Flint, Lansing, and Traverse City media markets in Michigan. The advertisements carried the disclaimer, "Paid for by the Michigan Democratic Party."

This matter began via a complaint filed by the Michigan Republican State Committee on May 25, 1995. Respondents filed a response to this complaint on June 30, 1995 and, on November 1, 1996, the Commission found reason to believe respondents violated 2 U.S.C. §§ 441a(f) and 441b and 11 C.F.R. §§ 106.5(b) and 106.5(g)(1)(i), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"), and the Commission's regulations.

## II. ARGUMENT

### I. The Commission's Allocation Regulations Apply To "Disbursements" By National Or State Parties; The "Intent" Or "Purpose" Or The Original Source Of The Funds Expended Are Irrelevant Under The Regulations.

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According to 11 C.F.R. § 106.5(a)(2), the Commission's regulations require allocation by "[c]ommittees that make disbursements in connection with federal or non-federal elections." (Emphasis added.) Here, the only committee that made a "disbursement" to fund the airing of the "Deal" ad in Michigan is the MDP. As the Act makes clear, a transfer of funds from a national party committee to a state party committee under 2 U.S.C. § 441a(a)(4) is legally distinct from a disbursement. Although "disbursement" is not separately defined in the statute, the Act does require transfers and disbursements to be reported separately under §§ 434(b)(4)(C) and (G), respectively. Since the DNC's transfers to the MDP were not "disbursements," they do not fall under the Commission's allocation requirements.

Therefore, where, as here, a state party committee makes a disbursement for an ad that has been found to be a generic voter drive ad, § 106.5(a)(2)(iv) requires that expense to be allocated by the committee that makes the disbursement. No provision of this regulation or any relevant statutory provision refers to or in any way makes relevant the source of any of the funds used to support the disbursement. The regulations plainly apply the allocation requirement to the committee that actually makes the disbursement.

Moreover, the statutory and regulatory schemes clearly support the right of a national party committee to fund any generic activities of a state party committee. The Act specifically permits unlimited transfers of funds by a national party committee to a state party committee. 2 U.S.C. § 441a(a)(4); 11 C.F.R. §§ 102.6(a), 110.3(c)(3). The statute and the

Commission's regulations prohibit the use of national funds only for so-called "exempt" activities. 2 U.S.C. §§ 431(8)(B)(x) & (xii), 431(9)(B)(viii) & (ix); 11 C.F.R. §§ 100.7(b)(15) & (17); 100.8(b)(16), & (18). The Commission clearly recognized this policy in MUR 3204, where two Commissioners acknowledged that:

A national party may transfer money to a state party to help it pay its overhead expenses. This holds true even if these transfers allow a state party to use more of its locally-raised money to buy more volunteer materials. A national transfer does not create or raise any local money, it just allows the state party to use its home-grown money to its maximum legal effect.

Statement of Reasons by Commissioners Elliott and Aikens in MUR 3204 at 8 (Sept. 14, 1994) (Emphasis added). Significantly, the General Counsel's allegation in that MUR was that the Montana Republican Party used funds transferred from the NRSC to fund exempt volunteer activities, a direct violation of the statute.

The alleged violations in MUR 3204 were grounded in objective, identifiable facts that, if proven, create a prima facie violation of the Act. The Act and the Commission's regulations specifically prohibit the use of any national funds to support exempt activities. However, no such prohibition exists on national transfer of funds or generic activities. In fact, the same regulations implement the statutory scheme embodied in the Act. Thus, not only is national party support of state parties' overhead and generic voter drive activity permissible, it is presumed. Here, the MDP's airing of the "Deal" advertisement has already been determined to be generic voter drive activity. The source of the funds for that state party disbursement is legally irrelevant.

2. The Commission Has Rejected Inquiry Into Any External, Subjective Factors of a Transfer To An Affiliated State Party.

The General Counsel's Office is prepared to base its analysis of the transfers at issue

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here on its perception of the "purpose" and "intent" of those transfers, arguing that "[s]ince the transfers to the MDP were intended for the specific purpose of paying the firm for placement of a DNC advertisement, it is the DNC's ratio which should have been applied to the DNC transfers/placement expenditures, not the ratio applicable to the MDP." MUR 4215 Factual and Legal Analysis at 12. This conclusion, offered without specific legal justification, fails to comport with applicable Commission precedent.

As noted above, in 1994 the Commission addressed an analogous set of state party activities supported by national transfers. In MUR 3204, the Commission failed to find probable cause to believe the National Republican Senatorial Committee and the Montana Republican Party violated the Act. One violation alleged by the Commission's Office of the General Counsel ("OGC") was that the National Republican Senatorial Committee and the Montana Republican Party improperly funded volunteer materials contrary to the requirements of 11 C.F.R. §§ 100.7(b)(15)(vii) & 100.8(b)(16)(vii). Commissioners Elliott and Aikens, while agreeing that some violation may have occurred, disagreed with the other three Commissioners (Commissioner Potter having recused himself) as to the amount of the violation. These Commissioners acknowledged that the regulations prohibit the use of any national money in funding exempt activities, but felt that, notwithstanding that national transfers may have been intended to support this activity, the amount of the violation should be limited to only those national funds actually used by the state party to support the exempt activities. Statement of Reasons by Commissioners Elliott and Aikens in MUR 3204 at 7-8, n. 15 (Sept. 14, 1994).

Commissioners Elliott and Aikens analyzed the parties' transfers and payments for the

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volunteer materials under a "modified FIFO" approach.<sup>1</sup> A fundamental assumption of this approach is that any external factors, such as the intent or purpose, of any national transfers involved are irrelevant. Commissioners Elliott and Aikens disregarded evidence that transfers from the NRSC were "intended" to support the volunteer materials, not because they felt such intent was not proved, but because "we see nothing surprising that an amount similar to the amount of a transfer is used for volunteer mailings." *Id.* at 8. These Commissioners favored an objective analysis of national transfers to state parties, among other reasons, to "relieve[] the Commission from retroactively divining the purpose or designation behind a certain transfer." *Id.*, n. 14. This policy interpretation was upheld as not "plainly erroneous or inconsistent with the regulation" when challenged via a dismissal suit under 2 U.S.C. § 437g(a)(8). *Addy v. FEC*, Civil Action No. 94-02104 (NHJ) mem. op. at 8 (D.D.C Mar. 29, 1996).

3. Making The Application Of The Allocation Regulations Turn On The Subjective Intent Or Purpose Of The Transfers Involved Would Be Unworkable And Contrary To The Statutory Scheme.

Statutory provisions and Commission regulations on national party transfers to subordinate party committees are crystal clear: intra-party transfers are totally unlimited, other than to pay for exempt activities. The Commission's approach to this case would render that statutory and constitutional requirement a nullity, by inserting extraordinary accounting and compliance issues into every dollar transferred down.

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<sup>1</sup> Under this analysis, a running, day-to-day balance of the national and state funds in the state party's federal account is calculated, then compared to the date(s) and amount(s) actual payment(s) made by the state party to pay for the activity. If the state party's federal account failed to contain enough state funds on the day a payment for volunteer materials was made, a violation of § 100.7(b)(15)(vii) would be found, in the amount of the state fund deficiency.

National parties transfer funds to support a wide variety of generic activities, including voter registration, computer and communications equipment upgrades, training, general administrative and overhead expenses, etc. Theoretically, each of these activities could be done directly by the national party committee.

For example, our understanding is that other national party committees, including the RNC, routinely transfer funds to state parties to pay the salaries of state executive directors ("EDs"). In fact, we understand that these EDs are individually chosen by the RNC, which negotiates their terms of employment. The RNC then assigns these EDs to state party committees, and transfers funds to the respective state party committees to pay those EDs' salaries. Presumably, these funds are transferred and expended along the recipient state party's allocation ratio. Following the Commission's "doing indirectly what one could not do directly" reasoning would require analysis of the subjective intent of the RNC, the respective state party, and the respective state ED to determine whether the RNC could have hired these EDs directly and paid their salaries on the RNC's national allocation ratio. The permissibility of these state transfers then would turn on how well the RNC and the EDs could document the intent and purpose of each transfer and each activity performed by that ED. In light of the deference given to intra-party financial matters as core First Amendment expressions of freedom of speech and association,<sup>2</sup> such an inquiry into the subjective intent of every

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<sup>2</sup> See, e.g., Statement of Reasons by Commissioners Elliott and Aikens in MUR 3204 at 9 (Sept. 14, 1994) ("Party committees enjoy a long line of precedent confirming their ability to endorse and support candidates at all levels. Political parties develop and share strategies and money during campaigns. The national parties identify national themes and help state parties translate those themes into local messages to elect their candidates. In fact, the 1979 amendments to the FECA were specifically designed to strengthen the role of parties in this modern era of elections.")

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national party transfer to a state party would be extraordinarily burdensome in practice, and thus insufficiently tailored to pass constitutional muster.

4. The Commission Conclusively Established In MUR 2703 That When Funds Are Transferred To A State Party That Pays For Advertisements Directly, The Advertisements Should Bear The State Party's Disclaimer.

In MUR 2703, the Commission addressed the issue of which committee's disclaimer should appear on an ad run by a state party committee with funds obtained from a national party committee. In this MUR, the Commission adopted a bright line test holding that "[i]f the [national party] had transferred the funds to the [state party] who in turn paid the vendor ... then the [state party] would be the correct party to appear in the disclaimer as the person who paid for the advertisement." MUR 2703, First General Counsel's Report at 8-9 (Feb. 28, 1989). This Commission policy directly addresses the issue of which committee made the disbursements responsible for funding the ad. Having determined in MUR 2703 that the state party "paid for" the ad, the Commission's approach here regarding the allocation of such disbursements would be completely inconsistent with the Commission's ruling in MUR 2703.

The DNC, a party to MUR 2703, and the MDP relied upon the Commission's holding in that MUR determining how to allocate the costs of the "Deal" advertisement. Having correctly determined the advertisement to be a generic voter drive advertisement, these committees paid the costs of running that advertisement in accordance with the disclaimer the Commission specifically concluded such an ad should bear. It would be perverse in the extreme for the Commission, having conclusively spoken to the issue of which committee should be said to have "paid for" an advertisement in a prior investigation, to reverse itself on that central question in a subsequent investigation addressing a set of facts substantially

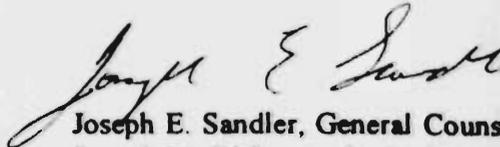
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identical to those in the Commission's earlier determination. The Commission's original policy should stand therefore, not only because applying a subjective standard to the permissibility of national transfers to state parties would be utterly unworkable in actual practice, but because that policy was relied upon by the respondents.

**III. CONCLUSION**

For these reasons, the Commission should vote to find no probable cause to believe respondents committed any violation, and close the matter with respect to them.

Respectfully submitted,



Joseph E. Sandler, General Counsel  
Joseph M. Birkenstock, Assistant General Counsel  
Attorneys for the Democratic National Committee  
and R. Scott Pastrick, its treasurer

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BEFORE THE  
FEDERAL ELECTION COMMISSION

In the matter of:

Democratic National Committee )  
and ) MUR 4215  
R. Scott Pastrick, Treasurer )

RESPONSE TO INTERROGATORIES

1. State the amounts and dates of all transfers made by the Democratic National Committee for purposes of placement of the "Deal" advertisement on Michigan stations in 1994.

Answer:

<u>Date</u>	<u>Federal</u>	<u>Non-Federal</u>
10/12/94	\$ 35,790	\$ 127,530
10/24/94	\$ 14,273	\$ 50,603
10/27/94	\$ 15,043	\$ 53,336
10/28/94	\$ 37,648	\$ 0
11/1/94	\$ 11,206	\$ 173,207

2. State the Committee account from which each of the transfers identified in answer to Interrogatory 1 was made, and specify whether each such account was a federal or a non-federal account.

Answer: All transfers from the federal account, as noted in the answer to Interrogatory 1, were made from DNC Services Corporation-General Fund account, a federal account, at NationsBank.

The transfers made from the non-federal account, as noted in the answer to Interrogatory 1, on 10/12/94 and 10/24/94 were made from DNC Non-Federal Individual No. 2 account, a non-federal account.

It is believed that the transfer on 10/27/94 was made from DNC Non-Federal Individual No. 1 account, a non-federal account; if that is not the case, the transfer was made from DNC Non-Federal Individual No. 2 account.

The transfer on 11/1/94 was made from DNC Non-Federal Max-PAC account, a non-federal account.

3. State the purpose(s) of all transfers to the Michigan

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Democratic State Central Committee cited in Factual and Legal Analysis on page 7 which are not covered by the response to Interrogatory 1.

**Answer:** The following three transfers were made for the purposes of supporting the non-federal portion of Michigan State Party overhead and generic voter registration and get out the vote activities, in connection with the 1994 "coordinated campaign" project:

10/11/94	\$ 25,000
10/18/94	\$155,000
10/25/94	\$ 75,000

4. Identify all persons who were involved in the decisions to make the transfers to the Michigan Democratic State Central Committee which are identified in response to Interrogatory 1.

**Answer:** To the best of my recollection and belief, the following persons would have been involved in these decisions:

David Wilhelm

Mr. Wilhelm was Chairman of the DNC from January 1993 through November 1994. His current business address is:

Everen Securities  
77 W. Wacker drive  
Chicago, Illinois 60601  
(312) 574 6324  
Home telephone:

Debra DeLee

Ms. DeLee was Executive Director of the DNC during 1994. Her current position is chief executive officer of the 1996 Democratic National Convention. Her current business address is:

Democratic National Convention  
430 S. Capitol Street, S.E.  
Washington, D.C. 20003  
(202) 863-8000

Bobby Watson

Mr. Watson was Deputy Executive Director of the DNC during 1994. His current business address is:

State Affairs Company  
11800 Sunrise Valley D  
Suite 400  
Reston VA 20191  
(703) 391-2640

Edward Lazarus

Mr. Lazarus was Communications Director of the DNC during 1994. His current address is:

9804364599

1054 31st St. N.W.  
Washington, D.C.  
(202) 625-0370

Donald Sweitzer  
Mr. Sweitzer was Political Director of the DNC during 1994. His last known business address is:  
Politics, Inc.  
1920 L Street, N.W.  
Washington, D.C. 20036  
(202) 223-8700

Bradley K. Marshall  
Mr. Marshall was Chief Financial Officer of the DNC during the latter part of 1994 and still has that position. His address is:  
Democratic National Committee  
430 S. Capitol Street, S.E.  
Washington, D.C. 20003  
(202) 863-8000

Grunwald, Eskew & Donilon  
This firm handled the creation and placement of generic media for the DNC and state parties during 1994. The firm no longer exists. The address we have for the principal, Mandy Grunwald, is:  
Grunwald Communications  
1306 30th Street, N.W.  
Washington, D.C. 20007  
(202) 973-9400

The foregoing is true to the best of my information, knowledge and belief.

\_\_\_\_\_  
Bradley K. Marshall

City of Washington )  
                          )  
District of Columbia)                   ss:

Sworn to and subscribed before me this \_\_\_ day of \_\_\_\_\_,  
\_\_\_\_\_.

\_\_\_\_\_  
Notary Public

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LOG OF PRIVILEGED DOCUMENTS WITHHELD

Type of Document	Author	Privilege Claimed
Spreadsheet	Neil Reiff	Attorney Work Product
Table indicating types of money to be used in each state	Neil Reiff	Attorney Client Privilege and Attorney Work Product
Memorandum for Martha Phipps from Joe Sandler, October 10, 1994 re: Generic Media	Joe Sandler	Attorney Client Privilege
Spreadsheet-- transfers to state parties and contributions	Neil Reiff	Attorney Work Product
Spreadsheet-- transfers to state parties and contributions	Neil Reiff	Attorney Work Product
Spreadsheet-- transfers to state parties and contributions	Neil Reiff	Attorney Work Product

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Democratic National Committee  
Wire Transfer Authorization

To SCOTT MCGREEN

From Bradley Marshall

Date 10/12/94

AMOUNT TO WIRE TRANSFER: 35,970.<sup>00</sup>

SENDING BANK:

Bank Name NATIONSBANK

Account Name DNC SERVICES - GENERAL FUND

Account Number 026-288-5

RECEIVING BANK:

Bank Name Capitol National Bank

Bank Address: \_\_\_\_\_

ABA Routing Number: [REDACTED]

Account Name Michigan Democratic Party Federal Acct

Account Number 3009121

COMMENTS:

Transfer To State Party

Bradley Marshall  
Authorized Signature

David Welch  
Authorized Signature

98043864602

Democratic National Committee  
Wire Transfer Authorization

To Scott #186100

From Bradley Marshall

Date 10/12/94

AMOUNT TO WIRE TRANSFER: 127,530<sup>00</sup>

SENDING BANK

Bank Name NATIONWIDEBANK

Account Name DNC Services - NAJ-FEDERAL INC. #2

Account Number: 301 33057

RECEIVING BANK

Bank Name: Capital National Bank

Bank Address: \_\_\_\_\_

ABA Routing Number: [REDACTED]

Account Name: Michigan Democratic State Central Committee

Account Number: 300 8656

COMMENTS:

Transfer To State Party

Bradley Marshall  
Authorized Signature

David Willetts  
Authorized Signature

98043864603

DEMOCRATIC ★ NATIONAL ★ COMMITTEE

David Wilhelm, Chairman

October 17, 1994

Mr. Gary Corbin  
Chair  
Michigan Democratic Party  
606 Townsend  
Lansing, MI 48933

Dear Gary:

On behalf of the Democratic National Committee ("DNC"), I am pleased to inform you that the DNC has wire transferred two contributions in the total amount of \$163,500.00 to the Michigan Democratic Party.

The first transfer, a federal contribution in the amount of \$35,970.00, was drawn from an account which contains only contributions received in accordance with the limitations and prohibitions of the Federal Election Campaign Act of 1971, amended.

This contribution is transmitted on the express conditions (1) that these funds be used only for generic get-out-the-vote drives, general overhead or administrative expenses of the State Party and (2) that no part of these funds be used for the costs of volunteer campaign materials used by the State Party in connection with activities on behalf of any candidate for federal office.

It is important to understand the reason for these conditions. The activities described above can be conducted by your State Party, without being subject to the restrictions and limitations of 2 U.S.C. § 441a(d), only under the provisions of 11 C.F.R. §§ 100.7(b)(15) and 100.8(b)(16). Under these provisions, the funds to be used for these so-called "exempt activities" cannot be donated by the Democratic National Committee. Thus, the funds we are transmitting do not constitute, and are not intended to be used for, any expenditure by the DNC for any other federal candidate pursuant to § 441a(d).

Therefore, it is important that the funds we are transferring to you be used in strict compliance with the conditions set forth above. You should consult your State Party's counsel if you have any questions about achieving such compliance.

98043061604

Mr. Gary Corbin  
October 17, 1994  
Page Two

This contribution to the Michigan Democratic Party will be reported by the DNC to the Federal Election Commission ("FEC") on our next report. Your receipt of this contribution should be shown when filing your next scheduled report with the FEC.

The second transfer, a non-federal contribution in the amount of \$127,530.00 was drawn on an account which contains non-federal contributions received from individuals and is maintained for use in connection with elections to state and local offices in states where such contributions are permitted.

This contribution is transmitted for use only in connection with your party's efforts allocable to candidates for state and local office. We wish to remind you that the FEC requires that party committees defray the portion of party-wide activities allocable to federal elections with contributions allowable under the FECA ("federal funds"). Accordingly, we are transferring these funds subject to the express condition that they be used only in accordance with applicable federal and state laws and upon the express condition that, if these funds are to be used to defray a portion of party-wide activities that include a federal election, the appropriate amount of federal funds be used to pay for the federal portion.

It is our understanding that Michigan election law allows individuals to make political contributions in connection with state and local elections, but we make no representation or warranty to that effect and you should consult with your state party attorney to confirm that this is correct. If our understanding in this regard concerning Michigan law is incorrect, kindly return this contribution.

If you would like additional guidance concerning the allocation of federal and non-federal funds, we suggest that you contact the Federal Election Commission at (800) 424-9530.

On behalf of the Democratic National Committee, I am delighted that we are able to provide this support to the Michigan Democratic Party.

Sincerely,



David Wilhelm

98043864605

Democratic National Committee  
Wire Transfer Authorization

M1-F

To Scott McGeer

From Bradley Marshall

Date \_\_\_\_\_

AMOUNT TO WIRE TRANSFER: 15 043.00

SENDING BANK:

Bank Name: NATIONAL BANK

Account Name: DNC SERVICES - GENERAL FUND

Account Number: 026-288-5

RECEIVING BANK:

Bank Name: CAPITOL NATIONAL BANK

Bank Address: \_\_\_\_\_

ABA Routing Number: [REDACTED]

Account Name: MICHIGAN DEMOCRATIC PARTY FEDERAL ACCOUNT

Account Number: 300 91 21

COMMENTS:

TRANSFER TO GALE PHOTO

[Signature]  
Authorized Signature

[Signature]  
Authorized Signature

98043864606

Democratic National Committee  
Wire Transfer Authorization

M1 ~~MF~~

To Scott Nelson

From Bradley Marshall

Date \_\_\_\_\_

AMOUNT TO WIRE TRANSFER: ~~00000000~~ 53,336.00

SENDING BANK:

Bank Name: NATIONWIDBANK

Account Name: DNC SERVICES - NON-FEDERAL INDIVIDUAL #2

Account Number: 301-330-57

RECEIVING BANK:

Bank Name: CAPITOL NATIONAL BANK

Bank Address: \_\_\_\_\_

ABA Routing Number: [REDACTED]

Account Name: MICHIGAN DEMOCRATIC STATE CENTRAL COMMITTEE

Account Number: 300 86 56

COMMENTS:

TRANSFER TO STATE PARTY

Bradley Marshall  
Authorized Signature

[Signature]  
Authorized Signature

98043064607

Democratic National Committee  
Wire Transfer Authorization

MI - F

NEAL

To Scott McGeon

From Bradley Marshall

Date 10/23/94

AMOUNT TO WIRE TRANSFER: 37,648.00

TU  
10/28

SENDING BANK

Bank Name NATIONAL BANK

Account Name DNC SECRET - GENERAL FUND

Account Number 026-288-5

RECEIVING BANK

Bank Name CAPITOL NATIONAL BANK

Bank Address: \_\_\_\_\_

ABA Routing Number: [REDACTED]

Account Name AMERICAN DEMOCRATIC PARTY - FEDERAL ACCOUNT

Account Number 300 91 21

COMMENTS

TRANSFER TO GORE CAMP

Bradley Marshall  
Authorized Signature

[Signature]  
Authorized Signature

98043064603

Democratic National Committee  
Wire Transfer Authorization

M1-F

To Scott McGowan

From Bradley Marshall

Date 11/1/74

AMOUNT TO WIRE TRANSFER: 11,206.00

SENDING BANK

Bank Name: NATIONAL BANK

Account Name: DNC SPANISH - GENERAL FUND

Account Number: 026-288-5

RECEIVING BANK

Bank Name: CAPITOL NATIONAL BANK

Bank Address: \_\_\_\_\_

ABA Routing Number: [REDACTED]

Account Name: MICHAEL DEMOCRATIC PARTY FEDERAL ACCOUNT

Account Number: 300 91 21

COMMENTS

TRANSFER TO GATE CAMP

BRM  
Authorized Signature

[Signature]  
Authorized Signature

1E1QPDFS CF 000 2532

98043864609

Democratic National Committee  
Wire Transfer Authorization

To Scott M S Green

From Bradley Marshall

Date 11/1/54

AMOUNT TO WIRE TRANSFER: 173,207

39,729  
133,478

SENDING BANK

Bank Name NATIONAL BANK ~~INDIANAPOLIS~~

Account Name Non-Federal Max Pac

Account Number 026 861 47

RECEIVING BANK

Bank Name: \_\_\_\_\_

Bank Address: \_\_\_\_\_

ABA Routing Number: [REDACTED]

Account Name MICHIGAN DEMOCRATIC STATE CENTRAL COMMITTEE

Account Number 300 865 6

COMMENTS:

\_\_\_\_\_  
\_\_\_\_\_

Bradley Marshall  
Authorized Signature

[Signature]  
Authorized Signature

98043664610

**DNC SERVICES CORPORATION**  
NON-FED INDIVIDUAL #2  
430 SOUTH CAPITOL STREET, N.W.  
WASHINGTON, DC 20003

0122

15-128/148  
3213

October 11, 19 94

PAY TO THE ORDER OF Michigan Democratic Party

\$ 25,000.00

Twenty-five thousand dollars and 00/100

DOLLARS

**NationsBank**

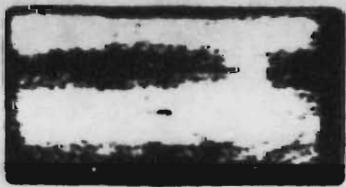
NationsBank, N.A.  
Washington, D.C.

*BP Miller* *WJH*

FOR \_\_\_\_\_

⑆000122⑆ ⑆054001204⑆ 0030133057⑆

98043064611



**DEMOCRATIC ★ NATIONAL ★ COMMITTEE**

David Wilhelm, Chairman

October 11, 1994

Mr. Gary Corbin  
Chair  
Michigan Democratic Party  
606 Townsend  
Lansing, MI 48933

Dear Gary:

On behalf of the Democratic National Committee ("DNC"), I am pleased to enclose a check in the amount of \$25,000.00 payable to the Michigan Democratic Party.

This check is drawn on an account which contains non-federal contributions received from individuals and is maintained for use in connection with elections to state and local offices in states where such contributions are permitted.

This contribution is transmitted for use only in connection with your party's efforts allocable to candidates for state and local office. We wish to remind you that the Federal Election Commission requires that party committees defray the portion of party-wide activities allocable to federal elections with contributions allowable under the Federal Election Campaign Act of 1971, as amended ("federal funds"). Accordingly, we are transferring these funds subject to the express condition that they be used only in accordance with applicable federal and state laws and upon the express condition that, if these funds are to be used to defray a portion of party-wide activities that include a federal election, the appropriate amount of federal funds be used to pay for the federal portion.

It is our understanding that Michigan election law allows individuals to make political contributions in connection with state and local elections, but we make no representation or warranty to that effect and you should consult with your state party attorney to confirm that this is correct. If our understanding in this regard concerning Michigan law is incorrect, kindly return this contribution. Please note this contribution should not be deposited into any federal account maintained by you.

Mr. Gary Corbin  
October 11, 1994  
Page Two

If you would like additional guidance concerning allocation of federal and non-federal funds, we suggest that you contact the Federal Election Commission at (800) 424-9530.

On behalf of the Democratic National Committee, I am delighted that we are able to provide this support for the Michigan Democratic Party.

Sincerely,



David Wilhelm

9 8 0 4 3 8 6 4 6 1 3

9 8 0 4 3 8 6 4 6 1 4

0137	
1955	13.95
1956	\$ 155,000.00
1957	40.1188

National Democratic Party  
 Five hundred fifty five thousand and no/100  
*Walter H. ...*  
 1957 11 20 1957 11 20 1957 11 20

**DEMOCRATIC ★ NATIONAL ★ COMMITTEE**

David Wilhelm, Chairman

October 18, 1994

Mr. Gary Corbin  
Chair  
Michigan Democratic Party  
606 Townsend  
Lansing, MI 48933

Dear Gary:

On behalf of the Democratic National Committee ("DNC"), I am pleased to enclose a check in the amount of \$155,000.00 payable, to the Michigan Democratic Party.

This check is drawn on an account which contains non-federal contributions received from individuals and is maintained for use in connection with elections to state and local offices in states where such contributions are permitted.

This contribution is transmitted for use only in connection with your party's efforts allocable to candidates for state and local office. We wish to remind you that the Federal Election Commission requires that party committees defray the portion of party-wide activities allocable to federal elections with contributions allowable under the Federal Election Campaign Act of 1971, as amended ("federal funds"). Accordingly, we are transferring these funds subject to the express condition that they be used only in accordance with applicable federal and state laws and upon the express condition that, if these funds are to be used to defray a portion of party-wide activities that include a federal election, the appropriate amount of federal funds be used to pay for the federal portion.

It is our understanding that Michigan election law allows individuals to make political contributions in connection with state and local elections, but we make no representation or warranty to that effect and you should consult with your state party attorney to confirm that this is correct. If our understanding in this regard concerning Michigan law is incorrect, kindly return this contribution. Please note this contribution should not be deposited into any federal account maintained by you.

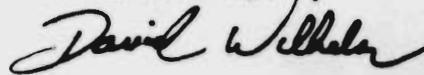
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Mr. Gary Corbin  
October 18, 1994  
Page Two

If you would like additional guidance concerning allocation of federal and non-federal funds, we suggest that you contact the Federal Election Commission at (800) 424-9530.

On behalf of the Democratic National Committee, I am delighted that we are able to provide this support for the Michigan Democratic Party.

Sincerely,



David Wilhelm

98043864616

**DNC SERVICES CORPORATION**  
**NON-FED INDIVIDUAL #2**  
430 SOUTH CAPITOL STREET, N.W.  
WASHINGTON DC 20003

0163

15-120 540  
3213

October 25 19 94

PAY TO THE ORDER OF Michigan Democratic Party

\$ 75,000.00

Seventy Five Thousand Dollars and no cents

DOLLARS

**NationsBank**

NationsBank, N.A.  
Washington, DC

FOR Transfer to Affiliate

*Paul J. Mattesi*  
*D. DeRoo*

⑆000163⑆ ⑆054001204⑆ 0030133057⑆

**DEMOCRATIC ★ NATIONAL ★ COMMITTEE**

David Wilhelm, Chairman

October 25, 1994

Mr. Gary Corbin  
Chair  
Michigan Democratic Party  
606 Townsend  
Lansing, MI 48933

Dear Gary:

On behalf of the Democratic National Committee ("DNC"), I am pleased to enclose a check in the amount of \$75,000.00 payable to the Michigan Democratic Party.

This check is drawn on an account which contains non-federal contributions received from individuals and is maintained for use in connection with elections to state and local offices in states where such contributions are permitted.

This contribution is transmitted for use only in connection with your party's efforts allocable to candidates for state and local office. We wish to remind you that the Federal Election Commission requires that party committees defray the portion of party-wide activities allocable to federal elections with contributions allowable under the Federal Election Campaign Act of 1971, as amended ("federal funds"). Accordingly, we are transferring these funds subject to the express condition that they be used only in accordance with applicable federal and state laws and upon the express condition that, if these funds are to be used to defray a portion of party-wide activities that include a federal election, the appropriate amount of federal funds be used to pay for the federal portion.

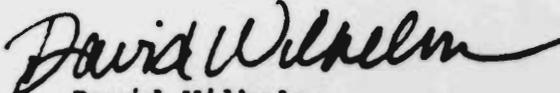
It is our understanding that Michigan election law allows individuals to make political contributions in connection with state and local elections, but we make no representation or warranty to that effect and you should consult with your state party attorney to confirm that this is correct. If our understanding in this regard concerning Michigan law is incorrect, kindly return this contribution. Please note this contribution should not be deposited into any federal account maintained by you.

Mr. Gary Corbin  
October 25, 1994  
Page Two

If you would like additional guidance concerning allocation of federal and non-federal funds, we suggest that you contact the Federal Election Commission at (800) 424-9530.

On behalf of the Democratic National Committee, I am delighted that we are able to provide this support for the Michigan Democratic Party.

Sincerely,

  
David Wilhelm

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9 8 0 4 3 0 6 4 6 2 C



200 N. WASHINGTON SQUARE  
LANSING, MICHIGAN 48933  
PHONE: (517) 484-5080

OCT 17 1984

10-14-84

WE HAVE CHARGED \$15.00 TO YOUR ACCOUNT FOR THE FOLLOWING REQUEST

MICHIGAN DEMOCRATIC PARTY  
GENERAL ACCOUNT  
606 TOWNSEND ST  
LANSING, MI 48933-2313

A WIRE TRANSFER FEE  
OF \$ 15.00 WAS  
CHARGED SEPARATELY  
TO YOUR ACCOUNT

2437500-88  
APFD  
J.S.

ADVANCE OF CHARGE

1/2

Generic TV

PA	\$89,000 (pending Philly)
MI	\$163,500
OH	\$72,750
MN	\$118,250
WA	\$124,500 <span style="border: 1px solid black; padding: 2px;">249,000</span>
IO	\$34,500
MT	\$33,500
AZ	\$109,500
ME	\$40,500 <u>incl. 3d market</u>

→ Anz 27/78

Tenn 37/63 ? higher?

98043064621

**Generic TV**

Second Revision 3:45pm 10/12

PA \$110,250 (pending Philly)  
MI \$163,500  
OH \$72,750  
MN \$116,250  
WA \$204,000 (the full buy)  
IO \$34,500  
MT \$28,500  
AZ \$109,500  
ME \$40,500

98043864622

# Democratic

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# News

Democratic National Committee

FOR IMMEDIATE RELEASE  
October 12, 1994

CONTACT: Jim Whitney  
(202) 479-5118

## DNC ANNOUNCES TWO MILLION DOLLAR FALL MEDIA CAMPAIGN

(WASHINGTON) -- Democratic National Committee Chairman David Wilhelm today announced a \$2 million advertising campaign aimed at drawing a sharp contrast between a Democratic Party working to move the nation forward and a Republican Party seeking to take the country back to the 1980s.

Unveiling new ads that focus on the Republicans' "Contract With America," Wilhelm said, "the Republican agenda is clear: slash Medicare, increase defense spending, explode the deficit and cut taxes for the rich."

"The GOP wants a return to trickle down economics where the rich get tax cuts, seniors get their retirement and health benefits slashed and middle class families get squeezed," Wilhelm continued.

Poking holes in the Republicans' arithmetic, Wilhelm said, "No one should be fooled by Republican talk of balanced budgets. What they're talking about is nothing short of bankrupting the country."

The non-partisan Congressional Budget Office estimates that it would require \$750 billion in savings over the next five years to balance the budget. The Republican "contract" adds more than \$250 billion in spending increases and tax cuts, bringing to \$1 trillion the total savings required to eliminate the deficit. Yet, the Republican agenda offers only \$218 billion in "possible" cuts, leaving them \$800 billion short of making good on their promise.

"This 'contract' reminds people across the country why they voted Republicans out of the White House in 1992. And it is more evidence that the Republicans stand with the privileged few at the expense of middle class families," Wilhelm said. "Seniors, veterans, students and farmers will all take hits under the Republican 'contract.'"

Explaining the decision to launch the media campaign, Wilhelm said, "We're airing these ads because the American people should know that the Republicans are proposing a return to the failed policies of the past. The American people should know the Republicans are proposing a return to Reaganomics."

- more -

98043064623

Economists, independent analysts and budget experts estimate that the Republican "contract" would require 20% cuts in everything from Social Security to Head Start in order to balance the budget. A House Budget Committee analysis shows that the average senior citizen in the country would see their annual Social Security checks cut by \$1,953 and their Medicare slashed by \$1,739 a year.

"We've seen this movie before. The main actor is gone, but the plot remains," continued Wilhelm, referring to the deep cuts in Medicare and Social Security and tax cuts for the rich outlined in the Republicans' contract.

Emphasizing that voters have a clear choice in this year's midterm elections, Wilhelm said, "we can keep moving forward, putting our economic house in order, making a college education more accessible and affordable and making our streets safer or we can go back to tax cuts for the wealthy, soaring deficits and the increased defense spending that characterized the 1980s."

Wilhelm explained that the "contract" had helped to frame the contrast between the two political parties and stressed that Republican candidates around the country would be held accountable for signing on with the Republican leadership in Congress.

Wilhelm singled out a number of Democratic House candidates who are aggressively and effectively using their Republican opponents' support for the "contract" as a campaign issue and noted Republican Senate candidates Rick Santorum and Mitt Romney were attempting to distance themselves from the Republican agenda.

"In Maine (01), Republican House candidate James Longley complained, after signing the 'contract,' that the numbers don't add up. In North Carolina (05), Republican House candidate Richard Burr said he picked up \$55,000 in exchange for signing the 'contract.' In North Dakota (AL), House challenger Gary Porter's support for the contract -- and the cuts in agriculture programs that come with it -- has triggered blistering radio ads from Democratic Rep. Earl Pomeroy," Wilhelm continued.

Moving to the Senate, Wilhelm said, "Rick Santorum is on the defensive for promising the Republican leaders he would support Medicare cuts and deficit increases devastating to the people of Pennsylvania and Mitt Romney can't get far enough away from the Republican leadership in Congress."

The ads are intended to supplement the Party's coordinated campaign efforts and will air in about ten states beginning this Friday. Additionally, the ads are being made available to Democratic candidates and state parties across the country.

9 8 0 4 5 6 6 1 6 2 4

**"Go Back" DNC-TV**  
**October 12, 1994**

**VIDEO:**

Footage of Republican candidates signing the contract with a close up of Newt Gingrich.

**Chyron: PAID FOR BY THE DEMOCRATIC NATIONAL COMMITTEE**

**Chyron: What did they commit to?**

**Chyron: THE REPUBLICANS**  
Tax cuts for the wealthy

**THE REPUBLICANS**  
Billions in defense increases

**THE REPUBLICANS**  
A trillion dollars in promises

**Chyron: How will they make up the spending gap?**

**Chyron: THE REPUBLICANS**  
Explode the deficit again

**THE REPUBLICANS**  
Cuts in Medicare

**Headlines: "GOP Offers a 'Contract' To Revive Reagan Years" (Washington Post, 9/28/94).**

**"The GOP's Deceptive Contract" (New York Times, 9/28/94).**

**"80s gravy train left most behind" (Chicago Tribune, 5/12/91).**

**"US Budget Deficit Grows" (New York Times, 1/24/91).**

**Chyron: Why would we go back now?**

**AUDIO:**

**ANNCR: Republican candidates from all across America just flew to Washington to sign a contract with the Republican leaders of Congress.**

**What did they commit to?**

**Huge tax cuts for the wealthy, billions in defense increases, a trillion dollars in promises.**

**How will they make up the spending gap?**

**Explode the deficit again...make devastating cuts in Medicare.**

**They call it a contract to return to the Reagan years...trickle down economics...deficits out of control.**

**Why would we go back now?**

9 8 0 4 2 0 6 4 6 2 5

"GO BACK"

**Video:**

Footage of contract event and signing with the close up of Gingrich

**Audio:**

ANNCR: Republican candidates from all across America just flew to Washington to sign a contract with the Republican leaders of Congress.

**Documentation:**

On September 27, over 300 House Republican candidates signed the "Contract with America" on the Capitol steps. On September 21, Senate Republican candidates released their "Agenda for the Republican Majority". ["Contract with America" release, 9/27/94; NRSC release, 9/21/94]

Chyron: What did they commit to?

What did they commit to?

footage of signing with bullet points

Huge tax cuts for the wealthy, billions in defense increases, a trillion dollars in promises.

*Tax Cuts for Wealthy:* According to the Joint Committee on Taxation (JCT), 72.6% of benefits of the "Contract's" capital gains tax cut would go to taxpayers earning over \$100,000. A taxpayer making \$40-50,000 would save about \$4 per month. JCT estimates the cut would cost \$208 billion over 10 years. The Center on Budget and Policy Priorities (CBPP) said of the tax proposals, "High-income households would be the only clear winners... Low- and middle-income households will receive little benefit from the proposed IRA and capital gains changes." [JCT; CBPP, 9/29/94]

9 8 0 4 3 8 6 4 6 2 6

Chyron: How will they make up the spending gap?

How will they make up the spending gap?

Explode the deficit again... make devastating cuts in Medicare.

*Defense:* The FY 95 House Republican budget proposed \$61.1 billion in new defense spending over 5 years. The "Contract" calls for "restoration of the essential parts of our national security funding to strengthen our national defense..." Senate GOP proposed to spend \$20 billion to "restore and protect defense" over 5 years. [House GOP Budget, 3/94; "Contract With America", 9/27/94; NRSC release, 9/21/94]

*Trillion dollars:* Business Week reported that funding the new spending, tax cuts and balancing the budget would require an additional \$1 trillion in spending cuts. [Business Week, 10/10/94]

*Deficits:* "These documents are about getting votes, not balancing the budget... Where should Congress look for \$700+ billion in deficit cuts?... Both Republicans plans are silent...[and] several 'back-loaded' policies contain 'time bombs' that will set off large deficit increases in [later] years" [Concord Coalition report, 9/28/94]

Out to headlines about the contract and other headlines about the 80s.

They call it a contract to return to the Reagan years... trickle down economics... deficits out of control.

*Medicare:* The Republican Budget Committee staff released a list of "possible offsets" for the "Contract," including a \$30 billion cut in Medicare. According to the U.S. House Budget Committee, the "Contract" would cut the average Medicare beneficiary's benefits by \$1,739 in order to fulfill its commitments. [Republican Budget Committee, 9/22/94; House Budget Committee, 9/30/94]

"GOP Offers a 'Contract' to Revive Reagan Years" The Washington Post, 9/28/94; "The G.O.P.'s Deceptive Contract" The New York Times, 9/28/94; "'80s Gravy Train Left Most Behind" Chicago Tribune, 5/12/91; "U.S. Budget Deficit Grows" The New York Times, 1/24/91

Chyron: Why would we go back now?

Why would we go back now?

**"DEAL" DNC-TV**  
**October 12, 1994**

**VIDEO:**

Footage of Republican candidates signing of Contract with America.

Chyron: Washington, DC  
September 17, 1994

Footage of a closed plant.

Headlines: "80s saw rich get richer, poor poorer, study says" (Los Angeles Times, 9/28/94).

"GOP robs future to write 'Contract with America'" (USA Today, 9/28/94).

"GOP's 'Contract' Missing Its Price Tag, Critics Say" (Washington Post, 9/28/94).

Close up of the contract.

Chyron: CUT MEDICARE  
CUT EDUCATION  
CUT VETERAN'S BENEFITS

Footage of Republican Candidates signing the contract.

Chyron: Why would we go back to that?

PAID FOR BY THE DEMOCRATIC  
NATIONAL COMMITTEE

**AUDIO:**

ANNCR: The Republicans just met in Washington to sign a contract for America's future...

but it's really an echo of a failed past.

Huge tax cuts for the wealthy...billions in defense increases and gigantic new job-killing deficits.

And buried in the fine print is the rest of the deal...deep cuts in Medicare, education and Veteran's benefits.

The Republicans.

They fooled us once and we'll be paying the bills for generations.

Why would we go back to that?

9 8 0 0 4 3 0 6 4 6 2 7

## "DEAL"

**Video:**  
Date of signing  
over opening  
scenes.

**Audios:**  
ANNCR: The Republicans just met in  
Washington to sign a "Contract for  
America's future."

**Documentation:**  
On September 27, over 300 House Republican candidates  
signed the "Contract with America" on the Capitol Steps.  
On September 21, Senate Republican candidates released  
their "Agenda for the Republican Majority". ["Contract with  
America" release, 9/27/94; NRSC Press Release, 9/21/94]

but it's really an echo of a failed past.

Huge tax cuts for the wealthy... billions  
in defense increases, and gigantic new,  
job-killing deficits.

**Tax Cuts for Wealthy:** According to the Joint Committee on  
Taxation (JCT), 72.6% of the benefits of the "Contract's"  
capital gains tax cut would go to taxpayers earning over  
\$100,000. Taxpayers making \$40-50,000 would save about  
\$4 monthly. JCT estimates the cut would cost \$208 billion  
over 10 years. The Center on Budget and Policy Priorities  
(CBPP) said of the tax cuts, "High-income households  
would be the only clear winners... Low- and middle-income  
households will receive little benefit from the proposed IRA  
and capital gains changes." [JCT, 10/7/94; CBPP, 9/29/94]

**Defense:** The FY 95 House Republican budget proposed  
\$61.1 billion in new defense spending over 5 years. The  
"Contract" calls for "restoration of the essential parts of our  
national security funding to strengthen our national  
defense..." Senate GOP proposed to spend \$20 billion to  
"restore and protect defense" over 5 years. [House GOP  
Budget, 3/94; "Contract", 9/27/94; NRSC release, 9/21/94]

**Deficits:** "These documents are about getting votes, not  
balancing the budget... Where should Congress look for  
\$700+ billion in deficit cuts?... Because Republicans plans are  
silent...[and] several "back-loaded" policies contain "time  
bombs" that will set off large deficit increases in [later]  
years." [Concord Coalition, 9/28/94]

And buried in the fine print is the rest of  
the deal -- deep cuts in Medicare,  
education and Veterans' benefits.

**Medicare:** Republican Budget Committee staff released a list  
of "possible offsets" for the "Contract," including a \$30  
billion cut in Medicare. According to the US House Budget  
Committee, the "Contract" would cut the average Medicare  
beneficiary's benefits by \$1,739 to fulfill its commitments.  
[GOP Budget Ctee, 9/22/94; House Budget Ctee, 9/30/94]

**Education:** House GOP Budget Ctee staff listed "possible  
offsets" for "Contract," including a \$9.56 billion cut in  
student loans and eliminating campus-based aid. [GOP  
Budget Ctee, 9/22/94]

**Veterans:** A Dept. of Veterans' Affairs study concluded the  
"Contract" would cut disabled veterans' benefits by \$1,100  
yearly. [U.S. Dept. of Veterans Affairs, 10/6/94]

The Republicans.  
They fooled us once, and we'll be paying  
the bills for generations.

In the Reagan-Bush years, the deficit more than tripled  
(from \$79 to \$290 billion) and national debt more than  
quadrupled (from \$0.9 to \$4 trillion). [CBO, FY '81, '92]

white on black

Why would we go back to that?

Headlines

"80s Saw Rich Get Richer, Poor Poorer, Study Says" LA  
Times, 7/24/90; "GOP Rehe Future to Write 'Contract with  
America'" USA Today, 9/28/94; "GOP 'Contract' Missing  
Its Price Tag, Critics Say" Wash. Post, 9/28/94

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**"Return" DNC-TV**  
**October 12, 1994**

**VIDEO:**

**Chyron: What will the Republicans do for older Americans?**

**PAID FOR BY THE DEMOCRATIC NATIONAL COMMITTEE**

**footage of contract signing**

**Chyron: THE REPUBLICANS**  
**A trillion dollars in promises**

**THE REPUBLICANS**  
**Huge tax cuts for the wealthy**

**THE REPUBLICANS**  
**Billions in defense increases**

**THE REPUBLICANS**  
**Devastating cuts in Medicare**

**THE REPUBLICANS**  
**Exploding the deficit again**

**Footage of Seniors.**

**Chyron: THE REPUBLICANS**  
**Tried to cut Medicare**

**THE REPUBLICANS**  
**Opposed long term care**

**THE REPUBLICANS**  
**Opposed coverage of prescriptions**

**Headlines: "Reagan's Ax to Cut Social Security" (New York Post).**

**"GOP Offers a 'Contract' to Revive the Reagan Years" (Washington Post, 9/28/94).**

**Chyron: Why would we go back to that?**

**AUDIO:**

**ANNCR: What will the Republicans do for older Americans?**

**Well, they just signed a contract telling us what they'll do to older Americans.**

**It's a trillion dollars of promises...huge tax cuts for the wealthy...billions in defense increases...paid for by devastating cuts in Medicare...exploding the deficit again.**

**In the last two years, the Republicans have tried to cut Medicare nine times, opposed long term care, even opposed coverage of prescription drugs.**

**The Republican contract is designed to return to the Reagan years...**

**...but why would we go back to that?**

98043064629

"RETURN"

**Video:**

**Chyron:** What will the Republicans do for older Americans?

footage of contract event with bullet points

footage of signing

Shots of seniors with bullet points

Newspaper headlines about the contract and the 80s

Chyron: Why would we go back?

**Audios:**

**ANNCR:** What will the Republicans do for older Americans?

Well, they just signed a contract telling us what they'll do for older Americans.

It's a trillion dollars of promises... huge tax cuts for the wealthy... billions in defense increases... paid for by devastating cuts in Medicare... exploding the deficit again.

In the last two years, the Republicans have tried to cut Medicare nine times, opposed long term care, even opposed coverage of prescription drugs.

The Republican contract is designed to return to the Reagan years...

...but why would we go back?

**Documentation:**

On September 27, over 300 House GOP candidates signed the "Contract with America" on the Capitol Steps. On September 21, Senate GOP candidates released "Agenda for the Republican Majority". ["Contract" release, 9/27/94; NRSC Release, 9/21/94]

**Trillion dollars:** Business Week reported that funding the "Contract's" new spending, tax cuts and balancing the budget would require \$1 trillion more in cuts. [Business Week, 10/10/94]

**Tax Cuts for Wealthy:** According to Joint Committee on Taxation (JCT), 72.6% of the benefits of the "Contract's" capital gains tax cut would go to taxpayers earning over \$100,000. A taxpayer making \$40-50,000 would save about \$4 per month. JCT estimates the cut would cost \$208 billion over 10 years. The Center on Budget and Policy Priorities (CBPP) said of the tax proposals, "High-income households would be the only clear winners... Low- and middle-income households will receive little benefit from the proposed IRA and capital gains changes." [JCT; CBPP, 9/29/94]

**Defense:** The FY 95 House GOP budget proposed \$61.1 billion in new defense spending over 5 years. The "Contract" calls for "restoration of the essential parts of our national security funding to strengthen our national defense..." Senate GOP proposed to spend \$20 billion to "restore and protect defense". [House GOP Budget, 3/94; "Contract", 9/27/94; NRSC release, 9/21/94]

**Medicare:** The GOP Budget Committee staff released a list of "possible offsets" for "Contract," including \$30 billion in Medicare cuts. According to the US House Budget Committee, "Contract" would cut the average Medicare beneficiary's benefits by \$1,739. [GOP Budget Cttee, 9/22/94; Hse Budget Cttee, 9/30/94]

**Deficits:** "These documents are about getting votes, not balancing the budget... Where should Congress look for \$700+ billion in deficit cuts?... Both Republicans plans are silent...[and] several 'back-loaded' policies contain 'time bombs' that will eat off large deficit increases in [later] years." In Reagan-Bush years, the deficit jumped from \$79 to \$290 billion. [Concord Coalition, 9/28/94; CBO, FY81 and FY92]

- Kasich FY94 Budget Res. (R 132-41), HV #81, 3/18/93
- Kasich FY93 Reconciliation (R 132-40), HV #198, 5/27/93
- HConRes218, Kasich FY95 Bdgt Res (R158-9), HV #55, 3/11/94
- H.R. 3400, Penny-Kasich amd (R 156-18), HV #609, 11/22/93
- SConRes 18, Dole FY94 Bdgt Res (R 41-2), SV #60, 3/24/93
- S.1134, FY94 Reconciliation (R 42-1), SV #165, 6/23/93
- SConRes 63, Domenici Amendment (R 42-2), SV #66, 3/23/94
- Domenici-Nunn Amendmt (R 26-18), SV #72, 3/24/94
- SConRes18, Table Nunn Amendment (R 1-42) SV #65, 3/24/93

"GOP Offers a 'Contract' to Revive Reagan Years" Wash. Post, 9/28/94; "Reagan's Ax to Cut Social Security", New York Post, 1982

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**"Marching Orders" DNC-TV  
October 12, 1994**

**VIDEO:**

Footage of men and women wearing business suits marching in military precision in front of the US Capitol

**AUDIO:**

**ANNCR:** The Republican leaders in Congress have made their marching orders clear...

College loans for the middle class...try to block them. They failed.

The Brady Bill...they said filibuster. Failed again.

Deficit reduction. Spending cuts...they said don't. We did.

Three strikes and you're out.

**Marchers:** No.

**ANNCR:** Longer sentences.

**Marchers:** No.

**ANNCR:** 100,000 more police.

**Marchers:** No.

**ANNCR:** 100,000 times they said no.

**Marchers:** No, No, No.

**ANNCR:** The Republicans tried to stop every Democratic effort to put people first.

**Marchers:** No.

**ANNCR:** Maybe they'd rather play political games than help the country.

**Chyron: The Republicans  
They'd rather play political games than help  
the country.**

**PAID FOR BY THE DEMOCRATIC  
NATIONAL COMMITTEE**

9 8 0 4 3 8 6 4 6 3 1

## "MARCHING ORDERS"

**Video:**  
Footage of men  
and women in  
suits marching in  
military  
precision.

**Audio:**  
ANNCR: The Republican leaders in  
Congress have made their marching  
orders clear...

**Documentation:**  
*Newt Gingrich:* GOP congressman Fred Grandy said Wh, Newt Gingrich made Republican "marching orders" clear – and Grandy reluctantly agreed not to offer a health care proposal. Grandy: "It's disappointing.... We now have a leadership that preempts policy with politics. My thrust on health care was not to find the best Republican advantage but the best policy." [Washington Post, 6/16/94]

*Bob Dole:* "I always say gridlock is a good thing. If you're on the other side of the issue, you better hope there are people up there defending your interest. All this talk about gridlock is a joke. That's what the founding fathers had in mind when they created the Senate and said we could debate forever." [The New Republic, 4/5/93]

College loans for the middle class... try  
to block them. They failed.

100% of Congressional Republicans (175 of 175 House  
members and 44 of 44 Senators) voted against the  
President's economic package – including the Student Loan  
Reform Act (House Vote #406, 8/5/93; Senate Vote #247,  
8/6/93)

The Brady Bill... they said filibuster.  
Failed again.

In 1993, Republicans filibustered the Brady Bill (S. 414,  
H.R. 1025) and forced five days of debate on the measure.  
Democrats broke the filibuster and passed the bill. 67% of  
House Republicans (116 of 172) and 64% of Senate  
Republicans (28 of 44) voted against the bill. (House Vote  
#614, 11/22/93; Senate Vote #394, 11/20/93)

Deficit reduction. Spending cuts... they  
said don't. We did.

Not one Congressional Republican voted for the largest  
deficit reduction package in history – the President's  
economic package. The bill included over \$250 billion in  
spending cuts. 100% of House (175 of 175) and Senate (44  
of 44) Republicans voted against it. (House Vote #406,  
8/5/93; Senate Vote #247, 8/6/93)

Three strikes you're out. No.  
Longer sentences... no.

74% of House Republicans (131 of 177) and 84% of Senate  
Republicans (36 of 43) voted against the Crime Bill  
Conference Report – which included "3 Strikes, You're  
Out", longer sentences and 100,000 police officers. (House  
Vote #416, 8/21/94; Senate Voted #295, 8/25/94)

100,000 more police.

100,000 times they said no.

The Republicans tried to stop every  
Democratic effort to put people first.

Maybe they'd rather play political games  
than help the country.

**Chyron:** The  
Republicans.  
They'd rather  
play political  
games than help  
the country.

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DEM -01-:30 "Think"

What do you think of a plan with tax giveaways to the wealthy,

increased spending on star wars,

running up the national deficit.

Sound familiar? It is.

It's the old Republican plan.

And it also cuts college loans, cuts Veterans benefits.

Even puts Medicare on the cutting board.

The Republican plan -- written in Washington -- wrong for Montana.

So think again before voting Republican.

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1/10/94

DNC  
Estimated Generic Media Buys

State	Cost /Pt.	Points	Total Cost	Estimated Federal	Estimated N/Federal
TV Buys:					
PA	362	1,500	543,375	135,844	407,531
MI	219	1,500	327,750	72,105	255,645
OH	98	1,500	146,250	32,175	114,075
MN	133	1,500	199,500	49,875	149,625
WA	167	1,500	250,500	82,665	167,835 →
MT	38	1,500	57,000	16,530	40,470
IA	46	1,500	69,000	8,625	60,375
OR	63	1,500	94,500	13,230	81,270
TN	146	1,500	219,000	63,510	155,490
AZ	146	1,500	219,000	63,510	155,490
Grand Total			<u>2,125,875</u>	<u>538,069</u>	<u>1,587,806</u>

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→ Maine → \$65 hr

Wired →

Wa state -

- State Party chair will select 2 of 4  
 - Goal = 750 points/week

The following cost per points reflect 8 percent commission.

**I. ELIMINATE**

		<u>CPP 80+</u>	<u>1800 GRP'S</u>
New York	Binghamton	\$17	\$25,500
Rhode Island	Providence	\$88	\$84,000
Connecticut	Hartford	\$104	\$156,000
New Mexico	Albuquerque	\$41	\$61,500
	El Paso	\$19	\$28,500
	<b>SAVINGS =</b>	<b>\$237</b>	<b>\$368,500</b>

**II. DEFINITE**

**Pennsylvania**

Philadelphia	\$230	\$345,000
Pittsburgh	\$102	\$153,000
Wilkes Barre-Scr	\$30	\$45,000

**Michigan**

Detroit	\$162	\$228,000
Traverse City	\$16	\$22,500
Flint	\$29	\$43,500
Lansing	\$22	\$33,000

**Ohio**

\$218 \$327,000

**Minnesota**

Cleveland	\$87	\$145,500
Minneapolis	\$104	\$156,000
Mankato	\$14	\$21,000
Rochester, MN-IA	\$15	\$22,500

**Washington**

Seattle	\$120	\$180,000
Spokane	\$30	\$45,000
Yakima	\$16	\$24,000

**Iowa**

Des Moines 44%	\$30	\$30,000
Cedar Rapids 20%	\$25	\$38,000

**Oregon**

Portland	\$63	\$94,500
----------	------	----------

**TOTAL DEFINITE \$1,081 \$1,827,500**

75/250

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**III. MAYBE**

**Massachusetts**

Boston  
Springfield-Holy

**GPP #02 1500 GRP'S**

~~\$238 \$357,000~~  
~~\$29 \$43,500~~  
~~\$67 \$40,000~~

**\*Montana**

Billings 23%  
Missoula 20%  
Great Falls 22%  
Butte 20%

\$10 \$15,000  
\$11 \$16,500  
\$8 \$12,000  
\$9 \$13,500  
  
\$38 \$57,000

**TOTAL MAYBE \$308 \$457,000**

**IV. POSSIBLE ADDITIONS**

**Tennessee**

Nashville  
Memphis  
Knoxville

\$59 \$88,500  
\$41 \$61,500  
\$46 \$69,000  
  
\$146 \$219,000

**\*Arizona**

Phoenix 78%  
Tucson 24%

\$118 \$174,000  
\$30 \$45,000  
  
\$148 \$219,000

**TOTAL POSSIBLE \$302 \$438,000**

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650,000

The following cost per points reflect 6 percent commission.

10/7/94

Market	CPP 60+	1500 GRP'S
--------	---------	------------

Pennsylvania

Philadelphia	\$230	\$345,345
Pittsburgh	\$102	\$152,880
Wilkes Barre-Scr	\$30	\$45,045
	<b>\$362</b>	<b>\$543,270</b> ✓

Michigan

Detroit	\$152	\$227,955
Traverse City	\$15	\$23,205
Flint	\$29	\$43,680
Lansing	\$22	\$32,760
	<b>\$218</b>	<b>\$327,600</b> ✓

*only*  
 - Tom - ?  
 - Ray  
 N.F.  
 N.J.

Ohio

Cleveland	\$87	\$146,065
-----------	------	-----------

Minnesota

Minneapolis	\$104	\$155,610
Mankato	\$14	\$20,475
Rochester+, MN-IA	\$15	\$23,205
	<b>\$133</b>	<b>\$199,290</b> ✓

Connecticut

<del>Hartford</del>	<del>\$105</del>	<del>\$157,515</del> ?
---------------------	------------------	------------------------

(X)

Washington

Seattle	\$120	\$180,180
Spokane	\$30	\$45,045
Yakima+	\$16	\$24,570
	<b>\$167</b>	<b>\$249,795</b> ✓

New Mexico

Albuquerque	\$41	\$61,425
El Paso	\$19	\$28,665
	<b>\$60</b>	<b>\$90,090</b> ?

(X)

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Massachusetts  
Boston  
Springfield-Holy

\$238  
\$29  
\$268

~~\$357,630~~  
~~\$43,680~~  
\$401,310

22/78 split

Rhode Island  
Providence

\$84

~~\$84,000~~ ?

Montana

Billings 23%  
Missoula 20%  
Great Falls 22%  
Butte 20%

\$10  
\$11  
\$8  
\$9  
\$38

\$15,015  
\$16,360  
\$12,285  
\$13,650  
\$57,330

Iowa

Des Moines 44%  
Cedar Rapids 26%

\$20  
\$26  
\$46

\$30,030  
\$39,585  
\$69,615

Oregon

Portland

\$63

\$94,185

New York

Binghamton

\$17

~~\$20,000~~ ?

Grand Total

\$1,630

\$2,444,715

Total buy = \$ 2.2 mil  
2 halves

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**Possible Markets:**

<b>Market</b>	<b>CPP 50+</b>	<b>1500 GRP'S</b>	
<b>New York</b>			
Rochester	\$36	\$63,236	no
<b>California</b>			
San Francisco	\$366	\$549,000	
San Diego	\$139	\$208,845	
Fresno	\$41	\$61,425	
Los Angeles	\$498	\$746,855	
	<b>\$1,044</b>	<b>\$1,866,925</b>	
<b>Maine</b>			
Bangor 27%	\$15	\$23,205	7.4... to level of revenue units -
Portland 67%	\$26	\$42,315	
	<b>\$44</b>	<b>\$65,520</b>	
<b>Missouri</b>			
Kansas City	\$72	\$107,835	no
<b>Kentucky</b>			
Louisville	\$38	\$67,330	no

\* Indicates the TV HH share in that market

Highlighted areas are possible markets

Ariz 220

Tenn 220

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MARKET	CPP 50+		1500 GRP'S	SENATOR	GOVERNOR	HOUSE
<b>PENNSYLVANIA</b>	Philly Pittsburgh Wilkes Barre	\$230 \$102 \$30	\$345,345 \$152,880 \$45,045	Wofford vs. Santorum	Open Dem Seat Singel vs Ridge	2 Open R Seats 1 Open D Seat 3 Priority Races
<b>MICHIGAN</b>	Detroit Traverse City Flint Lansing	\$150 \$15 \$29 \$22	\$227,955 \$23,205 \$43,680 \$32,760	Open Dem Seat Carr vs. Abraham	Wolpe vs Engler	2 Open D Seats 3 Priority Races
<b>OHIO</b>	Cleveland	\$97	\$146,055	Open Dem Seat Hyatt vs. Dewine	Voinovich vs. Burch	1 Open D Seat 2 Priority Races
<b>MINNESOTA</b>	Minneapolis Mankato Rochester	\$104 \$14 \$15	\$155,610 \$20,475 \$23,205	Open Rep Seat Wynia vs. Grams	Marty vs. Carlson	1 Open D Seat 1 Open R Seat
<b>CONNECTICUT</b>	Hartford	\$104	\$155,610	Lieberman vs. Labriola	Open Ind. Seat Curry vs. Rowland	1 Priority Race
<b>WASHINGTON</b>	Seattle Spokane Yakima	\$120 \$30 \$16	\$180,180 \$45,045 \$24,570	Sims vs. Gorton		1 Open Seat 3 Priority Races
<b>NEW MEXICO</b>	Albuquerque El Paso	\$41 \$19	\$61,425 \$28,665	Bingaman vs. McMillan	King vs. Johnson vs. Mondragon	
<b>MASSACHUSETTS</b>	Boston Springfield	\$238 \$29	\$357,630 \$43,680	Kennedy vs. Romney	Roosevelt vs. Weld	

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<b>RHODE ISLAND</b>	Providence	\$56	\$84,630	Kuahnor vs. Chafee	York vs. Almond	
<b>MONTANA</b>	Billings	\$10	\$15,015	Mudd vs. Burns		1 Priority Race
	Missoula	\$11	\$16,380			
	Great Falls	\$08	\$12,285			
	Butte	\$09	\$13,650			
<b>IOWA</b>	Des Moines	\$20	\$30,030		Campbell vs. Branstad	
	Cedar Rapids	\$26	\$39,585			
<b>OREGON</b>	Portland	\$63	\$94,185		Open Dem. Seat Kitzhaber vs. Smith	
<b>NEW YORK</b>	Binghamton	\$17	\$25,935	Moynihan vs. Castro	Cuomo vs Pataki	1 Open R Seat 4 Priority Races
<b>TENNESSEE</b>				Sasser vs. Frist  Open Dem Seat Cooper vs. Thompson	Open Dem Seat Brodesen vs.Sundquist	2 Open D Seats 1 Open R Seat
<b>ARIZONA</b>				Open Dem Seat Coopersmith vs. Kyl	Basha vs. Symington	1 Open D Seat 1 Open R Seat 1 Priority Race
	<b>GRAND TOTAL</b>	<b>\$1,630</b>	<b>\$2,444,715</b>			

10/10/94

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DNC  
 Fed./Non-Fed. Cash Needs  
 October 7, 1994

	<u>Federal</u>	<u>Non-Federal</u>	<u>Total</u>
<b>Oct. 1 to Election Day:</b>			
Cash needs per Projection # 4	1,087,746	4,753,906	5,841,652
Deduct: Previous Media Campaign Proposal Per Projection #4	500,000	3,500,000	4,000,000
Add: Proposed Media & Travel Campaign	<u>1,009,120</u>	<u>2,540,880</u>	<u>3,550,000</u>
<b>Revised Cash Needs (Oct. 1 to Election Day)</b>	<u>1,596,866</u>	<u>3,794,786</u>	<u>5,391,652</u>

<b>Oct. 1 to Dec. 31:</b>			
Cash needs per Projection # 4	1,087,746	4,753,906	5,841,652
Deduct: Previous Media Campaign Proposal Per Projection #4	500,000	3,500,000	4,000,000
Add: Proposed Media & Travel Campaign	<u>1,009,120</u>	<u>2,540,880</u>	<u>3,550,000</u>
<b>Revised Cash Needs (Oct. 1 to Election Day)</b>	<u>1,596,866</u>	<u>3,794,786</u>	<u>5,391,652</u>
Remainder of November	1,024,135	814,130	1,838,265
December	<u>1,495,268</u>	<u>941,660</u>	<u>2,436,928</u>
<b>Revised Cash Needs (Oct. 1 to Dec. 31)</b>	<u>4,116,269</u>	<u>5,550,576</u>	<u>9,666,845</u>

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DNC  
Media & Travel Campaign  
October 7, 1994

	Fed/N-Fed %	Federal	Non-Federal	Total
<b>Media Campaign Detail:</b>				
Radio buy for DCCC (Contract For America)	100/0	66,000	0	66,000
Estimated Production Costs for DCCC Radio Buy	100/0	5,000	0	5,000
Focus Groups	60/40	30,000	20,000	50,000
Base Voter GOTV Radio	0	0	350,000	350,000
Production Costs for TV Ads	28/72	35,000	90,000	125,000
Cost of Media Buy	28/72	673,120	1,730,880	2,404,000
<b>Total For Media Campaign</b>		<b>809,120</b>	<b>2,190,880</b>	<b>3,000,000</b>
<b>Campaign Travel Budget:</b>				
Presidential Travel	30/70	75,000	175,000	250,000 **
J.J. Travel	30/70	75,000	175,000	250,000 ***
Additional Florida Budget	100/0	50,000	0	50,000
<b>Total For Campaign Travel Budget</b>		<b>200,000</b>	<b>350,000</b>	<b>550,000</b>
<b>Grand Totals For Media and Travel</b>		<b>1,009,120</b>	<b>2,540,880</b>	<b>3,550,000</b>

← 5/14

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- \* Assumes the media buy would be made through an organization which would allow the buy to be made with Non-Fed. funds
- \*\* The Federal/Non-Federal split could change depending on the states the President visits.
- \*\*\* Assumes all travel is sponsored and paid for by a host state party. We contribute funds to the state party to cover the trip.

**DNC  
Proposed Media Buys**

State	Cost /Pt.	Points	Total Cost	Federal	N/Federal
<b>TV Buys:</b>					
PA	398	1,500	597,000	149,250	447,750
MI	240	1,500	360,000	79,200	280,800
OH	107	1,500	160,500	35,310	125,190
MN	146	1,500	219,000	54,750	164,250
NY	19	1,500	28,500	6,270	22,230
CT	114	1,500	171,000	37,620	133,380
WA	183	1,500	274,500	90,585	183,915
NM	45	1,500	67,500	16,875	50,625
MA	294	1,500	441,000	441,000	0
MT	42	1,500	63,000	18,270	44,730
RI	62	1,500	93,000	93,000	0
IA	51	1,500	76,500	9,563	66,938
OR	69	1,500	103,500	14,490	89,010
TX	21	1,500	31,500	6,930	24,570
<b>Sub-Total</b>			<u>2,686,500</u>	<u>1,053,113</u>	<u>1,633,388</u>
<b>Possible Additional:</b>					
IA			500,000	110,000	390,000
NY	42	1,500	63,000	63,000	0
ME	48	1,500	72,000	20,880	51,120
MO	79	1,500	118,500	34,365	84,135
NY	39	1,500	58,500	12,870	45,630
<b>Sub-Total</b>			<u>3,498,500</u>	<u>1,294,228</u>	<u>2,204,273</u>
<b>Radio: (Cost shown is for 2 weeks)</b>					
TN			100,800	37,800	63,000
PA			84,000	21,000	63,000
MI			158,760	34,927	123,833
OH			66,024	14,525	51,499
<b>Grand Total</b>			<u>3,908,084</u>	<u>1,402,480</u>	<u>2,505,604</u>

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DNC  
Proposed Media Buys

State	Cost /Pt.	Points	Total Cost	Federal	N/Federal
<b>TV Buys:</b>					
PA	398	1,500	597,000	149,250	447,750
MI	240	1,500	360,000	79,200	280,800
OH	107	1,500	160,500	35,310	125,190
MN	146	1,500	219,000	54,750	164,250
NY	19	1,500	28,500	6,270	22,230
CT	114	1,500	171,000	37,620	133,380
WA	183	1,500	274,500	90,585	183,915
NM	45	1,500	67,500	16,875	50,625
MA	294	1,500	441,000	441,000	0
MT	42	1,500	63,000	18,270	44,730
RI	62	1,500	93,000	93,000	0
IA	51	1,500	76,500	9,563	66,938
OR	69	1,500	103,500	14,490	89,010
TX	21	1,500	31,500	6,930	24,570
<b>Sub-Total</b>			<u>2,686,500</u>	<u>1,053,113</u>	<u>1,633,388</u>
<b>Possible Additional:</b>					
CA			500,000	110,000	390,000
KY	42	1,500	63,000	63,000	0
ME	48	1,500	72,000	20,880	51,120
MO	79	1,500	118,500	34,365	84,135
NY	39	1,500	58,500	12,870	45,630
<b>Sub-Total</b>			<u>3,498,500</u>	<u>1,294,228</u>	<u>2,204,273</u>
<b>Radio: (Cost shown is for 2 weeks)</b>					
TN			100,800	37,800	63,000
PA			84,000	21,000	63,000
MI			158,760	34,827	123,933
OH			66,024	14,525	51,499
<b>Grand Total</b>			<u>3,908,084</u>	<u>1,402,480</u>	<u>2,505,604</u>

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10/28/94  
Revision 2

DNC  
Media Buys -Total Sent By DNC

State	TV Buy #1 10/12/94	TV Buy #2 10/24/94	Radio Buy #1 10/25/94	TV Buy #3 10/27/94	Radio Buy #2 10/28/94	Total
PA	282,750	0	48,400	0	0	331,150
MI	163,500	64,875	68,380	171,125	0	467,880
OH	72,750	0	0	0	0	72,750
MN	116,250	58,125	0	58,125	0	232,500
WA	249,000	0	0	0	0	249,000
MT	33,500	9,250	0	14,250	0	57,000
IA	34,500	17,250	0	17,250	0	69,000
ME	40,500	20,250	0	20,250	0	81,000
DE	0	0	0	25,000	0	25,000
AZ	109,500	0	0	0	0	109,500
TN	0	0	0	0	46,175	46,175
VA	0	0	0	0	30,000	30,000
DE	0	0	0	0	0	0
<b>Total</b>	<b>1,102,250</b>	<b>169,750</b>	<b>116,780</b>	<b>306,000</b>	<b>76,175</b>	<b>1,770,955</b>

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**SENATE TARGETS ONLY****50+ ONLY****New Markets Added in Target Senate States**

2.7 million budget = 891 GRP's

3 million budget = 989 GRP's

4 million budget = 1319 GRP'S

<u>Market</u>	<u>CPP</u>	<u>750 GRP'S</u>	<u>1000 GRP'S</u>	<u>1500 GRP'S</u>
<u>California</u>				
San Francisco	366	\$274,500	\$366,000	\$549,000
San Diego	153	\$114,750	\$153,000	\$229,500
Fresno	45	\$33,750	\$45,000	\$67,500
Los Angeles	547	\$410,250	\$547,000	\$820,500
<u>Pennsylvania</u>				
Philadelphia	253	\$189,750	\$253,000	\$379,500
Pittsburgh	112	\$84,000	\$112,000	\$168,000
<u>Michigan</u>				
Detroit	167	\$125,250	\$167,000	\$250,500
Traverse City	17	\$12,750	\$17,000	\$25,500
Flint	32	\$24,000	\$32,000	\$48,000
Lansing	24	\$18,000	\$24,000	\$36,000
<u>Tennessee</u>				
Nashville	59	\$44,250	\$59,000	\$88,500
Memphis	41	\$30,750	\$41,000	\$61,500
Knoxville	46	\$34,500	\$46,000	\$69,000
<u>Minnesota</u>				
Minneapolis	114	\$85,500	\$114,000	\$171,000
<u>Arizona</u>				
Phoenix 76%	116	\$87,000	\$116,000	\$174,000
Tucson 24%	30	\$22,500	\$30,000	\$45,000
<u>Maine</u>				
Bangor 27%	17	\$12,750	\$17,000	\$25,500
Portland 67%	31	\$23,250	\$31,000	\$46,500
<u>Washington</u>				
Seattle	132	\$99,000	\$132,000	\$198,000
Spokane	33	\$24,750	\$33,000	\$49,500
<u>New Mexico</u>				
Albuquerque	45	\$33,750	\$45,000	\$67,500
<u>Massachusetts</u>				
Boston	262	\$196,500	\$262,000	\$393,000
<u>Montana</u>				
Billings 23%	11	\$8,250	\$11,000	\$16,500
Missoula 20%	12	\$9,000	\$12,000	\$18,000
Great Falls 22%	9	\$6,750	\$9,000	\$13,500
Butte 20%	10	\$7,500	\$10,000	\$15,000

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<u>Market</u> <u>Virginia</u>	<u>CPP</u>	<u>750 GRP'S</u>	<u>1000 GRP'S</u>	<u>1500 GRP'S</u>
Washington, DC 28%	216	\$182,000	\$216,000	\$324,000
Richmond 24 %	44	\$33,000	\$44,000	\$66,000
Norfolk 21 %	42	\$31,500	\$42,000	\$63,000
Roanoke 18 %	46	\$34,500	\$46,000	\$69,000
<b>GRAND TOTALS</b>	<b>\$3,032</b>	<b>\$2,274,000</b>	<b>\$3,032,000</b>	<b>\$4,548,000</b>

- \* Indicates the TV HH share in that market
- \* highlighted markets are possible additions

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**SENATE TARGETS ONLY****ALL AGES****New Markets Added in Target Senate States**

2.7 million budget = 516 GRP's

3 million budget = 573 GRP's

4 million budget = 766 GRP'S

<u>Market</u>	<u>CPP</u>	<u>750 GRP'S</u>	<u>1000 GRP'S</u>	<u>1500 GRP'S</u>
<u>California</u>				
San Francisco	584	\$438,000	\$584,000	\$876,000
San Diego	268	\$201,000	\$268,000	\$402,000
Fresno	72	\$54,000	\$72,000	\$108,000
Los Angeles	971	\$728,250	\$971,000	\$1,456,500
<u>Pennsylvania</u>				
Philadelphia	433	\$324,750	\$433,000	\$649,500
Pittsburgh	193	\$144,750	\$193,000	\$289,500
<u>Michigan</u>				
Detroit	287	\$215,250	\$287,000	\$430,500
Traverse City	23	\$17,250	\$23,000	\$34,500
Flint	57	\$42,750	\$57,000	\$85,500
Lansing	41	\$30,750	\$41,000	\$61,500
<u>Tennessee</u>				
Nashville	120	\$90,000	\$120,000	\$180,000
Memphis	80	\$60,000	\$80,000	\$120,000
Knoxville	70	\$52,500	\$70,000	\$105,000
<u>Minnesota</u>				
Minneapolis	202	\$151,500	\$202,000	\$303,000
<u>Arizona</u>				
Phoenix 76%	207	\$155,250	\$207,000	\$310,500
Tucson 24%	45	\$33,750	\$45,000	\$67,500
<u>Maine</u>				
Bangor 27%	22	\$16,500	\$22,000	\$33,000
Portland 67%	52	\$39,000	\$62,000	\$78,000
<u>Washington</u>				
Seattle	232	\$174,000	\$232,000	\$348,000
Spokane	50	\$37,500	\$50,000	\$75,000
<u>New Mexico</u>				
Albuquerque	91	\$68,250	\$91,000	\$136,500
<u>Massachusetts</u>				
Boston	461	\$345,750	\$461,000	\$691,500
<u>Montana</u>				
Billings 23%	18	\$13,500	\$18,000	\$27,000
Missoula 20%	20	\$15,000	\$20,000	\$30,000
Great Falls 22%	14	\$10,500	\$14,000	\$21,000
Butte 20%	15	\$11,250	\$15,000	\$22,500

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Virginia

Washington, DC 28% .	386	\$289,000	\$306,000	\$579,000
Richmond 24 %	78	\$62,000	\$78,000	\$106,000
Norfolk 21 %	74	\$65,000	\$74,000	\$111,000
Roanoke 18 %	74	\$65,000	\$74,000	\$111,000
<b>GRAND TOTALS</b>	<b>\$6,232</b>	<b>\$3,924,000</b>	<b>\$6,232,000</b>	<b>\$7,848,000</b>

\* Indicates the TV HH share in that market

\*\* Highlighted markets are possible additions

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**SENATE TARGETS**

**50+ ONLY**

**Original List of Markets**

**2.7 million budget = 1263 GRP's**

**3 million budget = 1404 GRP's**

**4 million budget = 1872 GRP's**

<u>Market</u>	<u>CPP</u>	<u>750 GRP'S</u>	<u>1000 GRP'S</u>	<u>1500 GRP'S</u>
<u>California</u>				
San Francisco	366	\$274,500	\$366,000	\$549,000
San Diego	153	\$114,750	\$153,000	\$229,500
Fresno	45	\$33,750	\$45,000	\$67,500
<u>Pennsylvania</u>				
Philadelphia	253	\$189,750	\$253,000	\$379,500
Pittsburgh	112	\$84,000	\$112,000	\$168,000
<u>Michigan</u>				
Detroit	167	\$125,250	\$167,000	\$250,500
Traverse City	17	\$12,750	\$17,000	\$25,500
Flint	32	\$24,000	\$32,000	\$48,000
Lansing	24	\$18,000	\$24,000	\$36,000
<u>Tennessee</u>				
Nashville	59	\$44,250	\$59,000	\$88,500
Memphis	41	\$30,750	\$41,000	\$61,500
Knoxville	46	\$34,500	\$46,000	\$69,000
<u>Minnesota</u>				
Minneapolis	114	\$85,500	\$114,000	\$171,000
<u>*Arizona</u>				
Phoenix 76%	116	\$87,000	\$116,000	\$174,000
Tucson 24%	30	\$22,500	\$30,000	\$45,000
<u>*Maine</u>				
Bangor 27%	17	\$12,750	\$17,000	\$25,500
Portland 67%	31	\$23,250	\$31,000	\$46,500
<u>Washington</u>				
Seattle	132	\$99,000	\$132,000	\$198,000
Spokane	33	\$24,750	\$33,000	\$49,500
<u>New Mexico</u>				
Albuquerque	45	\$33,750	\$45,000	\$67,500
<u>Massachusetts</u>				
Boston	262	\$196,500	\$262,000	\$393,000
<u>*Montana</u>				
Billings 23%	11	\$8,250	\$11,000	\$16,500
Missoula 20%	12	\$9,000	\$12,000	\$18,000
Great Falls 22%	9	\$6,750	\$9,000	\$13,500
Butte 20%	10	\$7,500	\$10,000	\$15,000
<b>GRAND TOTALS</b>	<b>\$2,137</b>	<b>\$1,602,750</b>	<b>\$2,137,000</b>	<b>\$3,206,500</b>

\* indicates the TV HH share in that market

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**SENATE TARGETS**  
**ALL AGES**  
Original List of Markets

2.7 million budget = 738 GRP's

3 million budget = 828 GRP's

4 million budget = 1,094 GRP'S

<u>Market</u>	<u>CPP</u>	<u>750 GRP'S</u>	<u>1000 GRP'S</u>	<u>1500 GRPS</u>
<u>California</u>				
San Francisco	584	\$438,000	\$584,000	\$876,000
San Diego	268	\$201,000	\$268,000	\$402,000
Fresno	72	\$54,000	\$72,000	\$108,000
<u>Pennsylvania</u>				
Philadelphia	433	\$324,750	\$433,000	\$649,500
Pittsburgh	193	\$144,750	\$193,000	\$289,500
<u>Michigan</u>				
Detroit	287	\$215,250	\$287,000	\$430,500
Traverse City	23	\$17,250	\$23,000	\$34,500
Flint	57	\$42,750	\$57,000	\$85,500
Lansing	41	\$30,750	\$41,000	\$61,500
<u>Tennessee</u>				
Nashville	120	\$90,000	\$120,000	\$180,000
Memphis	80	\$60,000	\$80,000	\$120,000
Knoxville	70	\$52,500	\$70,000	\$105,000
<u>Minnesota</u>				
Minneapolis	202	\$151,500	\$202,000	\$303,000
<u>Arizona</u>				
Phoenix 78%	207	\$155,250	\$207,000	\$310,500
Tucson 24%	45	\$33,750	\$45,000	\$67,500
<u>Maine</u>				
Bangor 27%	22	\$16,500	\$22,000	\$33,000
Portland 67%	52	\$39,000	\$52,000	\$78,000
<u>Washington</u>				
Seattle	232	\$174,000	\$232,000	\$348,000
Spokane	50	\$37,500	\$50,000	\$75,000
<u>New Mexico</u>				
Albuquerque	91	\$68,250	\$91,000	\$136,500
<u>Massachusetts</u>				
Boston	461	\$345,750	\$461,000	\$691,500
<u>Montana</u>				
Billings 23%	18	\$13,500	\$18,000	\$27,000
Missoula 20%	20	\$15,000	\$20,000	\$30,000
Great Falls 22%	14	\$10,500	\$14,000	\$21,000
Butte 20%	15	\$11,250	\$15,000	\$22,500
<b>GRAND TOTALS</b>	<b>\$3,667</b>	<b>\$2,742,780</b>	<b>\$3,667,000</b>	<b>\$5,485,500</b>

\* indicates the TV HH share in that market

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**BUDGET 1 ALL TARGET MARKETS**

50+

2.7 million budget = 816 GRP's

3 million budget = 908 GRP'S

4 million budget = 1208 GRP's

Market		CPP	750 GRP'S	1000 GRP'S	1500 GRP'S
<u>California</u>					
<u>NO</u>	San Francisco	366	\$274,500	\$366,000	\$549,000
	San Diego	153	\$114,750	\$153,000	\$229,500
	Fresno	45	\$33,750	\$45,000	\$67,500
<u>Pennsylvania</u>					
Y	Philadelphia	253	\$189,750	\$253,000	\$379,500
Y	Pittsburgh	112	\$84,000	\$112,000	\$168,000
<u>Michigan</u>					
Y	Detroit	167	\$125,250	\$167,000	\$250,500
Y	Traverse City	17	\$12,750	\$17,000	\$25,500
Y	Flint	32	\$24,000	\$32,000	\$48,000
Y	Lansing	24	\$18,000	\$24,000	\$36,000
<u>Tennessee</u>					
<u>NO</u>	Nashville	59	\$44,250	\$59,000	\$88,500
	Memphis	41	\$30,750	\$41,000	\$61,500
	Knoxville	46	\$34,500	\$46,000	\$69,000
<u>Ohio</u>					
Y	Cleveland	107	\$80,250	\$107,000	\$160,500
<u>NO</u>	Cincinnati	65	\$48,750	\$65,000	\$97,500
<u>Minnesota</u>					
Y	Minneapolis	114	\$85,500	\$114,000	\$171,000
<u>Arizona</u>	Rochester/Mason City Muncato	116	\$87,000	\$116,000	\$174,000
<u>NO</u>	Phoenix 76%	116	\$87,000	\$116,000	\$174,000
	Tucson 24%	30	\$22,500	\$30,000	\$45,000
<u>Maine</u>					
Y	Bangor 27%	17	\$12,750	\$17,000	\$25,500
Y	Portland 67%	31	\$23,250	\$31,000	\$46,500
<u>Georgia</u>					
N	Atlanta	128	\$96,000	\$128,000	\$192,000
<u>New York</u>					
Y	Binghamton	19	\$14,250	\$19,000	\$28,500
Y	Rochester	39	\$29,250	\$39,000	\$58,500
<u>Connecticut</u>					
Y	Hartford	114	\$85,500	\$114,000	\$171,000
<u>North Carolina</u>					
<u>NO</u>	Raleigh-Durham	75	\$56,250	\$75,000	\$112,500
<u>NO</u>	Greenville-S-A	22	\$16,500	\$22,000	\$33,000

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Market		CPP	750 GRP'S	1000 GRP'S	1500 GRP'S
<u>Illinois</u>					
NO	Peoria	18	\$13,500	\$18,000	\$27,000
<u>Washington</u>					
	Y Seattle	132	\$99,000	\$132,000	\$198,000
	Y Spokane	33	\$24,750	\$33,000	\$49,500
	Yakima				
<u>New Mexico</u>					
	Y Albuquerque	45	\$33,750	\$45,000	\$67,500
<u>Massachusetts</u>					
	Y Boston	262	\$196,500	\$262,000	\$393,000
	Y El Paso				
<u>Montana</u>					
	Springfield				
	Providence				
	X Billings 23%	11	\$8,250	\$11,000	\$16,500
	X Missoula 20%	12	\$9,000	\$12,000	\$18,000
	X Great Falls 22%	9	\$6,750	\$9,000	\$13,500
	X Butte 20%	10	\$7,500	\$10,000	\$15,000
<u>Kansas</u>					
NO	Topeka	13	\$9,750	\$13,000	\$19,500
<u>Missouri</u>					
	? Kansas City	79	\$59,250	\$79,000	\$118,500
<u>Rhode Island</u>					
	Y Providence	62	\$46,500	\$62,000	\$93,000
<u>Indiana</u>					
	Y Evansville	19	\$14,250	\$19,000	\$28,500
	Y Indianapolis	73	\$54,750	\$73,000	\$109,500
<u>Iowa</u>					
	Y Des Moines 44%	22	\$16,500	\$22,000	\$33,000
	Y Cedar Rapids 28%	29	\$21,750	\$29,000	\$43,500
<u>Oregon</u>					
	Y Portland	69	\$51,750	\$69,000	\$103,500
<u>Nebraska</u>					
	N Omaha	33	\$24,750	\$33,000	\$49,500
<u>Arkansas</u>					
NO	Little Rock	33	\$24,750	\$33,000	\$49,500
<u>Kentucky</u>					
	? Louisville	42	\$31,500	\$42,000	\$63,000
<u>Louisiana</u>					
	N Lafayette	20	\$15,000	\$20,000	\$30,000
<u>Utah</u>					
	N Salt Lake City	61	\$45,750	\$61,000	\$91,500
<u>Texas</u>					
	N Amarillo	12	\$9,000	\$12,000	\$18,000
	Y El Paso	21	\$15,750	\$21,000	\$31,500
	<b>GRAND TOTALS</b>	<b>\$3,312</b>	<b>\$2,484,000</b>	<b>\$3,312,000</b>	<b>\$4,968,000</b>

\* Indicates the TV HH share in that market

**DEMOCRATIC NATIONAL COMMITTEE**

**BUDGET 1 ALL TARGET MARKETS**

2.7 million budget = 480 GRP's

3 million budget = 533 GRP'S

4 million budget = 711 GRP's

<u>Market</u>	<u>CPP</u>	<u>750 GRP'S</u>	<u>1000 GRP'S</u>	<u>1500 GRPS</u>
<u>California</u>				
San Francisco	584	\$438,000	\$584,000	\$876,000
San Diego	268	\$201,000	\$268,000	\$402,000
Fresno	72	\$54,000	\$72,000	\$108,000
<u>Pennsylvania</u>				
Philadelphia	433	\$324,750	\$433,000	\$649,500
Pittsburgh	193	\$144,750	\$193,000	\$289,500
<u>Michigan</u>				
Detroit	287	\$215,250	\$287,000	\$430,500
Traverse City	23	\$17,250	\$23,000	\$34,500
Flint	57	\$42,750	\$57,000	\$85,500
Lansing	41	\$30,750	\$41,000	\$61,500
<u>Tennessee</u>				
Nashville	120	\$90,000	\$120,000	\$180,000
Memphis	80	\$60,000	\$80,000	\$120,000
Knoxville	70	\$52,500	\$70,000	\$105,000
<u>Ohio</u>				
Cleveland	188	\$141,000	\$188,000	\$282,000
Cincinnati	110	\$82,500	\$110,000	\$165,000
<u>Minnesota</u>				
Minneapolis	202	\$151,500	\$202,000	\$303,000
<u>Arizona</u>				
Phoenix 76%	207	\$155,250	\$207,000	\$310,500
Tucson 24%	45	\$33,750	\$45,000	\$67,500
<u>Maine</u>				
Bangor 27%	22	\$16,500	\$22,000	\$33,000
Portland 67%	52	\$39,000	\$52,000	\$78,000
<u>Georgia</u>				
Atlanta	190	\$142,500	\$190,000	\$285,000
<u>New York</u>				
Binghamton	28	\$21,000	\$28,000	\$42,000
Rochester	69	\$51,750	\$69,000	\$103,500
<u>Connecticut</u>				
Hartford	183	\$137,250	\$183,000	\$274,500
<u>North Carolina</u>				
Raleigh-Durham	121	\$90,750	\$121,000	\$181,500
Greenville-S-A	73	\$54,750	\$73,000	\$109,500

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<u>Market</u>		<u>GPP</u>	<u>750 GRP'S</u>	<u>1000 GRP'S</u>	<u>1500 GRPS</u>
<u>Illinois</u>	Peoria	33	\$24,750	\$33,000	\$49,500
<u>Washington</u>	Seattle	232	\$174,000	\$232,000	\$348,000
	Spokane	50	\$37,500	\$50,000	\$75,000
<u>New Mexico</u>	Albuquerque	91	\$68,250	\$91,000	\$136,500
<u>Massachusetts</u>	Boston	461	\$345,750	\$461,000	\$691,500
<u>Montana</u>	Billings 23%	18	\$13,500	\$18,000	\$27,000
	Missoula 20%	20	\$15,000	\$20,000	\$30,000
	Great Falls 22%	14	\$10,500	\$14,000	\$21,000
	Butte 20%	15	\$11,250	\$15,000	\$22,500
<u>Kansas</u>	Topeka	21	\$15,750	\$21,000	\$31,500
<u>Missouri</u>	Kansas City	133	\$99,750	\$133,000	\$199,500
<u>Rhode Island</u>	Providence	101	\$75,750	\$101,000	\$151,500
<u>Indiana</u>	Evansville	31	\$23,250	\$31,000	\$46,500
	Indianapolis	127	\$95,250	\$127,000	\$190,500
<u>Iowa</u>	Des Moines 44%	38	\$27,000	\$36,000	\$54,000
	Cedar Rapids 28	43	\$32,250	\$43,000	\$64,500
<u>Oregon</u>	Portland	124	\$93,000	\$124,000	\$186,000
<u>Nebraska</u>	Omaha	52	\$39,000	\$52,000	\$78,000
<u>Arkansas</u>	Little Rock	50	\$37,500	\$50,000	\$75,000
<u>Kentucky</u>	Louisville	65	\$48,750	\$65,000	\$97,500
<u>Louisiana</u>	Lafayette	32	\$24,000	\$32,000	\$48,000
<u>Utah</u>	Salt Lake City	110	\$82,500	\$110,000	\$165,000
<u>Texas</u>	Amarillo	20	\$15,000	\$20,000	\$30,000
	El Paso	30	\$22,500	\$30,000	\$45,000
	<b>GRAND TOTALS</b>	<b>\$6,627</b>	<b>\$4,220,250</b>	<b>\$6,627,000</b>	<b>\$8,440,600</b>

\* indicates the TV HH share in that market

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**DEMOCRATIC NATIONAL COMMITTEE**

**BUDGET 2 TARGET MARKETS**

2.7 million budget = 636 GRP's

3 million budget = 707 GRP's

4 million budget = 943 GRP's

**ELIMINATE CALIFORNIA & MASSACHUSETTS**

San Francisco	584
San Diego	268
Fresno	72
Boston	481
<b>TOTAL</b>	<b>1385</b>

<u>Market</u>	<u>GPP</u>	<u>750 GRP'S</u>	<u>1000 GRP'S</u>	<u>1500 GRP'S</u>
<u>Pennsylvania</u>				
Philadelphia	433	\$324,750	\$433,000	\$649,500
Pittsburgh	193	\$144,750	\$193,000	\$289,500
<u>Michigan</u>				
Detroit	287	\$215,250	\$287,000	\$430,500
Traverse City	23	\$17,250	\$23,000	\$34,500
Flint	57	\$42,750	\$57,000	\$85,500
Lansing	41	\$30,750	\$41,000	\$61,500
<u>Tennessee</u>				
Nashville	120	\$90,000	\$120,000	\$180,000
Memphis	80	\$60,000	\$80,000	\$120,000
Knoxville	70	\$52,500	\$70,000	\$105,000
<u>Ohio</u>				
Cleveland	188	\$141,000	\$188,000	\$282,000
Cincinnati	110	\$82,500	\$110,000	\$165,000
<u>Minnesota</u>				
Minneapolis	202	\$151,500	\$202,000	\$303,000
<u>Arizona</u>				
Phoenix 76%	207	\$155,250	\$207,000	\$310,500
Tucson 24%	45	\$33,750	\$45,000	\$67,500
<u>Maine</u>				
Bangor 27%	22	\$16,500	\$22,000	\$33,000
Portland 67%	52	\$39,000	\$52,000	\$78,000
<u>Georgia</u>				
Atlanta	190	\$142,500	\$190,000	\$285,000
<u>New York</u>				
Binghamton	28	\$21,000	\$28,000	\$42,000
Rochester	89	\$66,900	\$89,000	\$133,500
<u>Connecticut</u>				
Hartford	183	\$137,250	\$183,000	\$274,500

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<u>Market</u>	<u>CPP</u>	<u>750 GRP'S</u>	<u>1000 GRP'S</u>	<u>1500 GRP'S</u>
<u>North Carolina</u>				
Raleigh-Durham	121	\$90,750	\$121,000	\$181,500
Greenville-S-A	73	\$54,750	\$73,000	\$109,500
<u>Illinois</u>				
Peoria	33	\$24,750	\$33,000	\$49,500
<u>Washington</u>				
Seattle	232	\$174,000	\$232,000	\$348,000
Spokane	50	\$37,500	\$50,000	\$75,000
<u>New Mexico</u>				
Albuquerque	91	\$68,250	\$91,000	\$136,500
<u>Massachusetts</u>				
Boston	461	\$345,750	\$461,000	\$691,500
<u>*Montana</u>				
Billings 23%	18	\$13,500	\$18,000	\$27,000
Missoula 20%	20	\$15,000	\$20,000	\$30,000
Great Falls 22%	14	\$10,500	\$14,000	\$21,000
Butte 20%	15	\$11,250	\$15,000	\$22,500
<u>Kansas</u>				
Topeka	21	\$15,750	\$21,000	\$31,500
<u>Missouri</u>				
Kansas City	133	\$997,500	\$133,000	\$199,500
<u>Rhode Island</u>				
Providence	101	\$75,750	\$101,000	\$151,500
<u>Indiana</u>				
Evansville	31	\$23,250	\$31,000	\$46,500
Indianapolis	127	\$95,250	\$127,000	\$190,500
<u>*Iowa</u>				
Des Moines 44%	36	\$27,000	\$36,000	\$54,000
Cedar Rapids 28%	43	\$32,250	\$43,000	\$64,500
<u>Oregon</u>				
Portland	124	\$12,400	\$124,000	\$186,000
<u>Nebraska</u>				
Omaha	52	\$30,000	\$52,000	\$78,000
<u>Arkansas</u>				
Little Rock	50	\$37,500	\$50,000	\$75,000
<u>Kentucky</u>				
Louisville	65	\$48,750	\$65,000	\$97,500
<u>Louisiana</u>				
Lafayette	32	\$24,000	\$32,000	\$48,000
<u>Utah</u>				
Salt Lake City	110	\$82,500	\$110,000	\$165,000
<u>Texas</u>				
Amarillo	20	\$15,000	\$20,000	\$30,000
El Paso	30	\$22,500	\$30,000	\$45,000
<b>GRAND TOTALS</b>	<b>\$4,242</b>	<b>\$3,181,500</b>	<b>\$4,242,000</b>	<b>\$6,383,000</b>

\* indicates the TV HH share in that market

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**DEMOCRATIC NATIONAL COMMITTEE**

**BUDGET 3 TARGET MARKETS**

2.7 million budget = 797 GRP's

3 million budget = 886 GRP's

4 million budget = 1181 GRP's

**ELIMINATE CA, MA & THE FOLLOWING:**

CA & MA	1385
Knoxville	70
Tucson	45
Binghamton	28
Rochester	69
Greenville	73
Spokane	50
Kansas City	133
Providence	101
Indianapolis	127
Little Rock	50
Salt Lake City	110
<b>TOTAL</b>	<b>886</b>

<u>Market</u>	<u>GPP</u>	<u>789 GRP'S</u>	<u>1889 GRP'S</u>	<u>1889 GRP'S</u>
<u>Pennsylvania</u>				
Philadelphia	433	\$324,750	\$433,000	\$649,500
Pittsburgh	193	\$144,750	\$193,000	\$289,500
<u>Michigan</u>				
Detroit	287	\$215,250	\$287,000	\$430,500
Traverse City	23	\$17,250	\$23,000	\$34,500
Flint	57	\$42,750	\$57,000	\$85,500
Lansing	41	\$30,750	\$41,000	\$61,500
<u>Tennessee</u>				
Nashville	120	\$90,000	\$120,000	\$180,000
Memphis	80	\$60,000	\$80,000	\$120,000
<u>Ohio</u>				
Cleveland	188	\$141,000	\$188,000	\$282,000
Cincinnati	110	\$82,500	\$110,000	\$165,000
<u>Minnesota</u>				
Minneapolis	202	\$151,500	\$202,000	\$303,000
<u>Arizona</u>				
Phoenix 76%	207	\$155,250	\$207,000	\$310,500
<u>Maine</u>				
Bangor 27%	22	\$16,500	\$22,000	\$33,000
Portland 67%	52	\$39,000	\$52,000	\$78,000
<u>Georgia</u>				
Atlanta	190	\$142,500	\$190,000	\$285,000

9 8 0 4 3 8 6 4 6 5 9

<u>Market</u>	<u>CPP</u>	<u>750 GRP'S</u>	<u>1000 GRP'S</u>	<u>1500 GRPS</u>
<u>Connecticut</u>				
Hartford	183	\$137,250	\$183,000	\$274,500
<u>North Carolina</u>				
Raleigh-Durham	121	\$90,750	\$121,000	\$181,500
<u>Illinois</u>				
Peoria	33	\$24,750	\$33,000	\$49,500
<u>Washington</u>				
Seattle	232	\$174,000	\$232,000	\$348,000
<u>New Mexico</u>				
Albuquerque	91	\$68,250	\$91,000	\$136,500
<u>Massachusetts</u>				
Boston	461	\$345,750	\$461,000	\$691,500
<u>*Montana</u>				
Billings 23%	18	\$13,500	\$18,000	\$27,000
Missoula 20%	20	\$15,000	\$20,000	\$30,000
Great Falls 22%	14	\$10,500	\$14,000	\$21,000
Butte 20%	15	\$11,250	\$15,000	\$22,500
<u>Kansas</u>				
Topeka	21	\$15,750	\$21,000	\$31,500
<u>Missouri</u>				
Kansas City	133	\$99,750	\$133,000	\$199,500
<u>Indiana</u>				
Evansville	31	\$23,250	\$31,000	\$46,500
<u>*Iowa</u>				
Des Moines 44%	36	\$27,000	\$36,000	\$54,000
Cedar Rapids 28%	43	\$32,250	\$43,000	\$64,500
<u>Oregon</u>				
Portland	124	\$93,000	\$124,000	\$186,000
<u>Nebraska</u>				
Omaha	52	\$39,000	\$52,000	\$78,000
<u>Kentucky</u>				
Louisville	65	\$48,750	\$65,000	\$97,500
<u>Louisiana</u>				
Lafayette	32	\$24,000	\$32,000	\$48,000
<u>Texas</u>				
Amarillo	20	\$15,000	\$20,000	\$30,000
El Paso	30	\$22,500	\$30,000	\$45,000
<b>GRAND TOTALS</b>	<b>\$3,386</b>	<b>\$2,539,500</b>	<b>\$3,388,000</b>	<b>\$5,079,000</b>

\* indicates the TV HH share in that market

9804386465C

To: Chairman Wilhelm  
From: Ed Lazarus  
Re: Update on media meetings  
Date: September 22, 1994

We had another round of meetings this morning to review scripts from Grunwald-Eskew-Donilon, Axelrod, and Linda Kaplan of Wells Rich Greene / BDDP in New York. Copies of those scripts are attached.

More significantly, we again raised the issue of audience and markets. We will need to reconvene this afternoon or early Friday morning in order to discuss this. It seems we are all leaning toward a buy skewed to older voters (women in particular), and limiting the GOTV effort to black radio. Mandy still needs to give us the costs on the black radio, and cost estimates on target markets. She has yet to receive a list of markets from White House political.

Sosnick raised the matter of targeting the effort to a very select few states. The theory is if there are only four or six or eight states where consultants/campaigns think we can make a difference, let's just do those states and really make a difference. This is an approach to which I am sympathetic, but affects the decision about focus groups October 3 and 4. If we are only playing in select states and tailoring our spots to their needs, focus groups for a broader generic don't make much sense. Instead, we could work with the campaigns and consultants in those states and take advantage of their research, then test spots in the selected states.

Doug and I sat down to review what those states might be. Top of the list states are New Jersey, Pennsylvania, Delaware, Michigan and Tennessee. Other states to consider include Washington, Montana, Minnesota, Ohio, Arizona, New Mexico, Iowa, Virginia, and Massachusetts. He feels these states should at least get some consideration in a review. Most likely, the review includes the questions of whether the races need us, whether they want us, whether we can make a difference there, and what does it cost. Doug also does not want to drop New York and California from consideration, depending on final costs for the states we do play in. My guess is that California and New York are prohibitively expensive in any scenario.

If we are doing focus groups on October 3 and 4, we need to select which scripts we want produced. Those of us in the meetings imagine that four would be a good number to test; to narrow it down to 2 final spots, but we probably will not be able to agree on only four spots.

98043864661

to test. Assume we want to test at least one positive spot, then add the better of the negative spots from the group and we probably get to six pretty quickly.

I will keep you posted on further meetings. Meanwhile, let me know if you have any reaction to this or questions you want me to raise on your behalf. At present, you are scheduled to meet with Harold, George, Mandy, Stan, Doug, and David Dreyer Friday at 1:00pm to make final decisions about this.

cc: Debra DeLee  
Jim Whitney

9 8 0 4 3 8 6 1 6 6 2

To: David Wilhelm  
Don Sweitzer  
Barbara Abar

From: Ed Lazarus

Re: Update on markets and traffic (revised 10:45am)

Date: October 14, 1994

This is an update on the situation by state/market. Let me know if you have any conflicting information.

**Pennsylvania:** No decision on Philadelphia. Run "Return" exclusively in Pittsburgh, Wilkes Barre, Harrisburgh, and Johnstown. In Erie run "Return" and "Deal" in a 50/50 split.

**Michigan:** We are dropping Traverse City. Chairman Wilhelm spoke to Carr Thursday, and Don Sweitzer will be talking to Carr's campaign manager today. At this point their preference is to run "Return" and some "Deal." Note that we have not yet shipped "Return" to the stations in Michigan, so we will have to run "Deal" until we can get the tapes to Michigan. We should have a decision later today on the mix desired for the balance of the buy.

**Ohio:** Run "Return" and "Deal" favoring "Return" about 60-40 for the first four days, then switch to running "Deal" 60% and "Return" 40% for the next 4 days, and split evenly after that. We need to front load the "Return" ad because of what Hyatt has on the air right now, but it is important to balance it all out to 50/50 by the time we are done.

**Minnesota:** In Minneapolis, Mankato, Rochester and Sioux Falls we are running an even split between "Deal" and "Return." We may have the South Dakota party do as much of the Sioux Falls buy as we can. They have expressed an interest. Stay tuned.

**Washington:** In Seattle, run "Return" heavy and "Deal" light. Hold on Spokane and Yakima while the Foley family consults the stars. Also, Jay Incoe insists that Wala-Wala is in the Tri-Cities market. Can you double check.

9 0 0 4 3 8 6 4 6 6 3

**Iowa:** Run "Return" and "Deal" evenly in Des Moines. Run "Deal" two to one over "Return" in Cedar Rapids/Waterloo. Also, don't forget to make sure we have covered the station(s) physically located in Waterloo.

**Arizona:** Run "Return" and "Go Back", with "Return" going heavier than "Go Back" (about 75% to 25%).

**Maine:** Run "Deal" for the first 800-900 pts, follows by "Return" in all three markets. (By the way, Celinda insists there are five markets. Are there?)

**Montana:** On hold while we figure out what is going on the air. We need to produce a new spot that does an economic populist message about the Republican agenda without reference to the contract, Reagan, or guns. I will talk to Mandy about it.

CC: Debra DeLee  
Bobby Watson  
Jill Alper  
Jim Thompson  
Maureen Garde  
Jeff Forbes  
Craig Hughes  
Fred Humphries

9 8 0 4 3 3 6 4 6 6 4

To: Democratic National Committee  
From: Grunwald, Eskew & Donilon  
Date: 10/20/94

Following is a summary of the placed state party generic advertising campaign.

Planned amount	\$2,058,000
Placed amount	\$1,403,500
Received amount	\$ 927,711
Due amount	\$ 558,039
On hand amount	\$ 82,250.
Remainder original budget	\$ 654,500.

The remaining \$654,500 of the original budget is due to the following:

- \* \$345,000 (PA - unable to clear any time in Philadelphia)
- \* \$ 22,500 (PA - Erie market canceled)
- \* \$ 22,500 (MI - Traverse City market canceled)
- \* \$120,500 (OH - unable to clear all of time in Cleveland)
- \* \$144,000 (AZ - unable to clear all of time in Phoenix)

For your consideration we have listed the cost to purchase a heavy two week radio buy in the markets that we could not meet our planned television schedule.

Philadelphia:	\$60,000
Cleveland:	\$50,000
Phoenix:	\$45,000

Television market on hold : Grand Rapids \$95,000



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1250 24TH STREET, NW

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SUITE 260

---

WASHINGTON, DC

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20037

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202-873-9400

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FAX 202-873-9400

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98043861665

11/01/94  
Revision 1

DNC  
Generic Media & Radio Buys Worksheet-4th Wires

State	Federal	N/Federal	Total Cost	Estimated Federal	Estimated N/Federal
TV Buys:					
PA	29	71	87,676	25,426	62,250
PA	29	71	42,100	10,249	31,851
PA	29	71	0	0	0
MI	22	78	50,935	11,206	39,729
MI	22	78	133,478	0	133,478
TN	37	63	46,175	17,085	29,090
AZ	22	78	46,485	10,227	36,258
			0	0	0
Sub-Total			<u>406,849</u>	<u>74,192</u>	<u>332,657</u>

130

\$ 276,849

all but \$30,000

330,000

330,000  
458,576  
 808,576  
 276,849  
1,085,425

657,562

98043069666

Democratic National Committee  
Wire Transfer Authorization

PA-F

To Scott McGowan

From Bradley Marshall

Date 11/1/94

AMOUNT TO WIRE TRANSFER: 35,675.00

SENDING BANK

Bank Name NATION'S BANK

Account Name DNC SERVICES - GENERAL FUND

Account Number 026-288-5

RECEIVING BANK

Bank Name CORE STATES - HAMILTON BANK

Bank Address: \_\_\_\_\_

ABA Routing Number: \_\_\_\_\_

Account Name PA Democratic State Committee Victory 94 - FEDERAL

Account Number 614 338 05

COMMENTS:

TRANSFER TO GORE CAMP

Bradley Marshall  
Authorized Signature

[Signature]  
Authorized Signature

98043864667

Democratic National Committee  
Wire Transfer Authorization

VN - NF

To SCOTT MCGRAIN

From Bradley Marshall

Date 10/2/94

AMOUNT TO WIRE TRANSFER: 94,101.00

SENDING BANK

Bank Name NATIONSBANK

Account Name DNC FEDERAL - Nat - FEDERAL Income #1

Account Number 046 048 14

RECEIVING BANK

Bank Name CORE STATES-HARTFORD BANK

Bank Address: \_\_\_\_\_

ABA Routing Number: [REDACTED]

Account Name PA Democratic State Committee - Vietnam 94 New Federal

Account Number 614 452 18

COMMENTS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Bradley Marshall  
Authorized Signature

[Signature]  
Authorized Signature

98043864668

Democratic National Committee  
Wire Transfer Authorization

M1-2

To Scott McLean

From Bradley Marshall

Date 11/1/91

AMOUNT TO WIRE TRANSFER: 11,206.00

SENDING BANK:

Bank Name: NATIONSBANK

Account Name: DNC Sponsors - General Fund

Account Number: 026-288-5

RECEIVING BANK:

Bank Name: CAPITOL NATIONAL BANK

Bank Address: \_\_\_\_\_

ABA Routing Number: \_\_\_\_\_

Account Name: MICULAN Democratic Party Federal Account

Account Number: 300 91 21

COMMENTS:

Transfer To Gore Camp

Bradley Marshall  
Authorized Signature

[Signature]  
Authorized Signature

98040364669

Democratic National Committee  
Wire Transfer Authorization

ML -NF-

To Scott Mc Geen

From Bradley Marshall

Date 11/1/54

AMOUNT TO WIRE TRANSFER: 173,207

39,729  
133,478

SENDING BANK

Bank Name NATIONAL BANK ~~COMMERCIAL BANK~~

Account Name Non-Federal Max Pac

Account Number 026 861 47

RECEIVING BANK

Bank Name \_\_\_\_\_

Bank Address: \_\_\_\_\_

ABA Routing Number: [REDACTED]

Account Name: MICHIGAN DEMOCRATIC STATE CENTRAL COMMITTEE

Account Number: 300 865 6

COMMENTS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Bradley Marshall

Authorized Signature

[Signature]

Authorized Signature

98043864670

Democratic National Committee  
Wire Transfer Authorization

FN-F

To Scott McGowan

From Bradley Marshall

Date 11/1/72

AMOUNT TO WIRE TRANSFER: 17,085.00

SENDING BANK

Bank Name NATIONAL BANK

Account Name DNC Sponsors - General Fund

Account Number 026-288-5

RECEIVING BANK

Bank Name NATIONAL BANK OF TENNESSEE

Bank Address \_\_\_\_\_

ABA Routing Number [REDACTED]

Account Name TENN. DEMOCRATIC PARTY - FEDERAL ACCOUNT

Account Number 0112 443 494

COMMENTS

TRANSFER TO GATE CARD

Bradley Marshall  
Authorized Signature

[Signature]  
Authorized Signature

9 0 0 4 3 8 6 1 6 7 1

Democratic National Committee  
Wire Transfer Authorization

TN 42

To SCOTT McGINN

From Bradley Marshall

Date 10/2/94

AMOUNT TO WIRE TRANSFER: 29,090.00

SENDING BANK

Bank Name NATIONSBANK

Account Name DNC FEDERAL - NOT-FEDERAL INCOME #1

Account Number 046 048 14

RECEIVING BANK

Bank Name NATIONSBANK OF TENNESSEE

Bank Address: \_\_\_\_\_

ABA Routing Number: [REDACTED]

Account Name TENNESSEE DEMOCRATIC EXECUTIVE COMMITTEE

Account Number 0112 44 33 20

COMMENTS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Bradley Marshall  
Authorized Signature

[Signature]  
Authorized Signature

98043064672

Democratic National Committee  
Wire Transfer Authorization

AZ-F

To SCOTT MCGRAW

From Bradley Marshall

Date 11/1/44

AMOUNT TO WIRE TRANSFER: 10 227

SENDING BANK:

Bank Name: NATIONWIDE BANK

Account Name: DNC SPANISH - GENERAL FUND

Account Number: 026-288-5

RECEIVING BANK:

Bank Name: NATIONAL BANK OF ARIZONA

Bank Address: \_\_\_\_\_

ABA Routing Number: [REDACTED]

Account Name: AZ DEMOCRATIC PARTY FEDERAL ACCT.

Account Number: 006 000 3430

COMMENTS:

TRANSFER TO GORE CAMP

BM  
Authorized Signature

[Signature]  
Authorized Signature

98043864673

Democratic National Committee  
Wire Transfer Authorization

AZ - NT

To SCOTT McGRIN

From Bradley Marshall

Date 10/2/94

AMOUNT TO WIRE TRANSFER: 36,258.00

SENDING BANK

Bank Name NATIONSBANK

Account Name Dem Fealces - Non-Federal Income #1

Account Number 046 048 14

RECEIVING BANK

Bank Name NATIONAL BANK OF ARIZONA

Bank Address \_\_\_\_\_

ABA Routing Number [REDACTED]

Account Name AZ Democratic Party - Non-Federal Acct.

Account Number 006 000 3422

COMMENTS

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Bradley Marshall  
Authorized Signature

[Signature]  
Authorized Signature

98043064674

**Media Money Information**

State	Date	Federal	Non-Federal	Total	State Recvd.	Returned	Wire
* MI	10/24	\$14,273	\$50,602	\$64,875	X	X	Wire #66,964 Cue Federal 10:30:11 Cue Non-Fed 10:30:52 #103,439
	10/26	\$15,043	\$53,336	\$68,380	X	X	
	10/28	\$37,468	<u>\$133,478</u> <i>not received</i>	\$171,125	Fed.	X	
Total		\$66,784	\$237,416	\$304,680			

* PA		\$18,445	\$30,029	\$48,400	X	X	<i>in process</i>
	11/1	\$35,675	\$94,101	\$129,776			
<i>total</i>				\$178,249			

ME	10/28	\$5,873	\$14,378	\$20,250	X	X	4147
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DE	10/28	\$6,250	\$18,750	\$25,000	X	X	0035 2:34 10/31
----	-------	---------	----------	----------	---	---	--------------------

MN	10/24	\$14,531	\$43,594	\$58,125	X	X	(confirmed) Sent 10/28 Sequoia Bank Wire Today
	10/28	\$14,531	\$43,594	\$58,125	X	X	
Total		\$29,062	\$87,188	\$116,250			↳ Federal → 0117

* TN	10/28	\$17,085	\$29,090	\$46,175	X	X	10/31 Nations Bank I have transfer agreement
------	-------	----------	----------	----------	---	---	---

MT	10/28	\$14,275	\$4,133	\$10,111	X	X	2176 (Both) all from Federal (need receipts)
<i>have receipt</i>	← not gotten final #						

IA	10/24	\$17,250	\$2,156	\$15,094	X	X	Returned Still checking
	10/28	\$17,250	\$2,156	\$15,094			
		\$34,500	\$4,312	\$30,188			

\* AZ getting #46,485 #10,727 #36,258

98043864675

MEMORANDUM

TO: Interested Parties  
FR: DNC  
DT: November 2, 1994 at 6:00 p.m.  
RE: Media Information

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	<u>Wired to GED</u>	<u>Date</u>	<u>Left to Wire</u>	<u>Comments</u>
MI	170,728	11/1	184,413	Receive remainder in-state 11/2 a.m.
PA	48,473	11/1	129,776	Money in state. Wire set up for 11/2 a.m.
ME	20,250	10/31	0	
DE	25,000	10/31	0	
MN	116,250	10/28 (1/2) 11/1 (1/2)	0 0	
TN	46,175	10/31	46,175	Money in state.
MT	14,271	11/1	0	
IA	17,250	11/1	17,250	Money in state. Wire set up for 11/2 a.m.
AZ	46,485	11/1	0	
<b>TOTAL</b>	<b>\$504,850</b>		<b>\$377,614</b>	

98043364676

Ad

**DEMOCRATIC NATIONAL COMMITTEE  
BUDGET FOR 800 GRP'S**

**Pennsylvania 700 GRP'S \$166,200**

Pittsburgh  
Johnstown  
Harrisburg  
Wilkes Barre

**Oregon**

**700 GRP'S \$47,200**

Portland

**Michigan 600 GRP'S \$133,000**

Detroit  
Lansing  
Flint  
Grand Rapids

**Minnesota 500 GRP'S \$77,500**

Minneapolis  
Mankato  
Rochester  
Sioux Falls, SD

**Arizona 600 GRP'S \$25,000**

Tucson

**California 700 GRP'S \$17,200**

Eureka  
Santa Rosa

**Idaho 700 GRP'S \$9,700**

Boise

**Indiana 700 GRP'S \$15,700**

Evansville

98043864677



	<u>Traffic</u>	<u>CPP 50+</u>	<u>Points</u>	<u>Market Total</u>	<u>State Total</u>	<u>Actual</u>
<u>Pennsylvania</u>						
Pittsburgh	Again	\$102	750	\$76,500		
Wilkes Barre	Again	\$30	750	\$22,500		
Erie	Again	\$15	750	\$11,250		
Johnstown	Again	\$25	750	\$18,750		
Harrisburg	Again	\$50	750	\$37,500	\$166,500	\$155,000.00
<u>Michigan</u>						
Detroit	Deal	\$152	500	\$76,000		
Traverse City		\$15	0	\$0		
Flint	Deal	\$29	500	\$14,500		
Lansing	Deal	\$22	500	\$11,000		
Grand Rapids	Deal	\$95	500	\$47,500	\$149,000	\$133,000.00
<u>Minnesota</u>						
Minneapolis	old rotation	\$104	500	\$52,000		
Mankato	old rotation	\$14	500	\$7,000		
Rochester	old rotation	\$15	500	\$7,500		
Sioux Falls	old rotation	\$22	500	\$11,000	\$77,500	\$77,500.00
<u>Washington</u>						
Seattle	Again	\$120	750	\$90,000		
Spokane	Again	\$30	750	\$22,500		
Yakima/Walla Walla	Again	\$16	750	\$12,000	\$124,500	\$124,500.00
<u>Oregon</u>						
Portland	Return	\$63	750	\$47,250	\$47,250	\$30,000.00
<b>Sub Total</b>				<b>\$664,750</b>	<b>\$664,750</b>	
<b><u>SECOND TIER</u></b>						
<u>California</u>						
Eureka	Deal	\$10	750	\$7,500		
Santa Rosa	Deal	\$13	750	\$9,750	\$17,250	\$15,000.00

	<u>Traffic</u>	<u>CPP 50+</u>	<u>Points</u>	<u>Market Total</u>	<u>State Total</u>
<u>Pennsylvania</u>					
Pittsburgh	Again	\$102	750	\$76,500	
Wilkes Barre	Again	\$30	750	\$22,500	
Erie	Again	\$15	750	\$11,250	
Johnstown	Again	\$25	750	\$18,750	
Harrisburg	Again	\$50	750	\$37,500	\$166,500

Michigan

Detroit	Deal	\$152	500	\$76,000	
Traverse City		\$15	0	\$0	
Flint	Deal	\$29	500	\$14,500	
Lansing	Deal	\$22	500	\$11,000	
Grand Rapids	Deal	\$95	500	\$47,500	\$149,000

Minnesota

Minneapolis	old rotation	\$104	500	\$52,000	
Mankato	old rotation	\$14	500	\$7,000	
Rochester	old rotation	\$15	500	\$7,500	
Sioux Falls	old rotation	\$22	500	\$11,000	\$77,500

Washington

Seattle	Again	\$120	750	\$90,000	
Spokane	Again	\$30	750	\$22,500	
Yakima/Walla Walla	Again	\$16	750	\$12,000	\$124,500

Oregon

Portland	Return	\$63	750	\$47,250	\$47,250
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<b>Sub Total</b>				<b>\$564,750</b>	<b>\$564,750</b>
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SECOND TIERCalifornia

Eureka	Deal	\$10	750	\$7,500	
Santa Rosa	Deal	\$13	750	\$9,750	\$17,250

5:25  
 AS of 5:00 p.m. 11/2

Media Money Information

State	Date	Federal	Non-Federal	Total	State Recvd.	Returned	Wire
MI	10/24	\$14,273	\$50,602	\$64,875	X	X	Attached
	10/26	\$15,043	\$53,336	\$68,380	X	X	Attached
	10/28	\$37,468	\$133,478	\$171,125	Fed. Only	Fed. Returned	Attached
	11/2	\$11,206	\$39,729	\$50,935	Fed. Only	11/2	
PA		\$18,445	\$30,028	\$48,473	X	X	Attached
	11/1	\$35,675	\$94,101	\$129,776	X		Will be at GED at 9:30 11/2
NE	10/28	\$5,873	\$14,378	\$20,250	X	X	Attached
DE	10/28	\$6,250	\$18,750	\$25,000	X	X	Attached
IN	10/24	\$14,531	\$43,594	\$58,125	X	X	Attached
	10/28	\$14,531	\$43,594	\$58,125	X	X	Attached
TN	10/28	\$17,085	\$29,090	\$46,175	X	X	Attached
	11/1	\$17,075	\$29,090	\$46,175	X		
VT	10/28	\$10,111	\$4,133	\$14,27	X	X	Attached
VA	10/24	\$15,094	\$2,156	\$17,250	X	X	Attached
	10/28	\$15,094	\$2,156	\$17,250	X	X	11/2 att (Facing
W	11/1	\$10,227	\$36,258	\$46,485	X	X	Attached

98043864681

Michigan

User: JULIE 10:27:55 11/01/1994 Savings Bonds : Collect & Show Orders V2.40.30  
Exported successfully file C:\FEDLINE2\80\PROD\86110101.HDT (Collected Savings Bond Orders) on drive A:

User: JULIE 10:29:53 11/01/1994 Funds Transfers : Create a Message V2.40.30  
File: FLTRANJ Record: 1 New Status: ET Appl Seqs 0: Enter/Update Transaction

User: JULIE 10:30:11 11/01/1994 Funds Transfers : Create a Message V2.40.30  
File: FLTRANJ Record: 2 New Status: ET Appl Seqs 0: Enter/Update Transaction

usrpid ande status  
JULIE P 11 MISSING TRANSFER  
rcvr typ acct-dt rsn ref-input-buy  
054001678 1000

snbr rtr amt  
072413450 366,964.00

CAPITOL LANSHNG /ORG-MICHIGAN DEMOCRATIC PARTYORG-CAPITOL NATIONAL BANK

SEQUOIA HW WASH DC/CTR/DWF-BRUNEMALD, EBBEN, DONILON/AC-233.0315212/

input-buy urc  
1101 610H36C 000001 FT0001

User: JULIE 10:30:52 11/31/1994 Funds Transfers : Verify a Message V2.40.30  
File: FLTRANJ Record: 1 New Status: TB Appl Seqs 0: 000001 Queued for Transmission

usrpid ande status  
JULIE P 11 MISSING TRANSFER  
rcvr typ acct-dt rsn ref-input-buy  
054001678 1000

snbr rtr amt  
072413450 3103,939.00

CAPITOL LANSHNG /ORG-MICHIGAN DEMOCRATIC PARTYORG-CAPITOL NATIONAL BANK

SEQUOIA HW WASH DC/CTR/DWF-BRUNEMALD, EBBEN, DONILON/AC-233.0315212/

98043664682

10/14/94  
Revision #4

DNC  
Estimated Generic Media Buys

State	Cost /Pt.	Points	Total Cost	Estimated Federal	Estimated N/Federal
TV Buys:					
PA	362	1,500	543,375	135,844	407,531
MI	219	1,500	327,750	72,105	255,645
OH	98	1,500	146,250	32,175	114,075
MN	133	1,500	199,500	49,875	149,625
WA	167	1,500	250,500	82,665	167,835
MT	38	1,500	57,000	16,530	40,470
IA	46	1,500	69,000	8,625	60,375
ME	43	1,500	64,125	18,596	45,529
OR	63	1,500	94,500	13,230	81,270
TN	146	1,500	219,000	63,510	155,490
AZ	146	1,500	219,000	63,510	155,490
Production Costs			<u>125,000</u>	<u>31,750</u>	<u>93,250</u>
Sub-Total for TV			<u>2,315,000</u>	<u>588,415</u>	<u>1,726,585</u>
Focus Groups			55,000	33,000	22,000
Base Voter GOTV radio			<u>350,000</u>	<u>210,000</u>	<u>140,000</u>
Grand Total			<u>2,720,000</u>	<u>831,415</u>	<u>1,888,585</u>

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10/18/94  
Revision #5

DNC  
Revised Media Buy Projection Per E. Lazarus (as of 7 00PM 10/18/94)

State	Total Cost	Estimated Federal	Estimated N/Federal
TV Buys:			
PA	360,000	90,000	270,000 * +
MI	304,500	66,990	237,510 **
OH	48,500	10,670	37,830 +
MN	232,500	58,125	174,375 ***
WA	249,000	82,170	166,830
MT	57,000	16,530	40,470
IA	69,000	8,625	60,375
ME	81,000	23,490	57,510
AZ	103,000	29,870	73,130 +
Production Costs	0	0	0
Revised Sub-Total for TV	<u>1,504,500</u>	<u>386,470</u>	<u>1,118,030</u>
Original Estimated Total for TV	<u>2,190,000</u>	<u>556,665</u>	<u>1,633,335</u>
Possible Savings	<u>685,500</u>	<u>170,195</u>	<u>515,305</u>

- \* Cancels main Phila. buy and substitutes \$50,000 supplemental buy (cable, etc.)
- \*\* No Travers City or Grand Rapids
- \*\*\* Includes amounts for South Dakota buy
- Estimate as of 7 00PM 10/18/94

	Total Cost	Estimated Federal	Estimated N/Federal
Additional Cash Needed If Adjusted Buy Is Approved:			
Adjusted Media Buy (from above)	1,504,500	386,470	1,118,030
Amount Already Paid	<u>1,102,250</u>	<u>291,573</u>	<u>810,678</u>
Additional Amounts Needed	<u>402,250</u>	<u>94,897</u>	<u>307,352</u>

43 million

175,000 Post + 100.  
66,000 DECC  
42,000 RA.  
283,000  
150,000  
433,000

2.4  
150,000 direct mail  
66,000 DECC  
80,000 MI, FLA  
296,000

Post-Elm... survey

400,000 track ca

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10/18/94  
Revision #5

DNC  
Revised Media Buy Projection Per E Lazarus (as of 7:00PM 10/18/94)

State	Total Cost	Estimated Federal	Estimated N/Federal
TV Buys:			
PA	360,000	90,000	270,000 * +
MI	304,500	66,990	237,510 **
OH	48,500	10,670	37,830 +
MN	232,500	58,125	174,375 ***
WA	249,000	82,170	166,830
MT	57,000	16,530	40,470
IA	69,000	8,625	60,375
ME	81,000	23,490	57,510
AZ	103,000	29,870	73,130 +
Production Costs	0	0	0
Revised Sub-Total for TV	1,504,500	386,470	1,118,030
Original Estimated Total for TV	2,190,000	556,665	1,633,335
Possible Savings	.685,500	170,195	515,305

- \* Cancels main Phila. buy and substitutes \$50,000 supplemental buy (cable, etc.)
- \*\* No Travers City or Grand Rapids
- \*\*\* Includes amounts for South Dakota buy
- + Estimate as of 7:00PM 10/18/94

	Total Cost	Estimated Federal	Estimated N/Federal
<b>Additional Cash Needed If Adjusted Buy Is Approved:</b>			
Adjusted Media Buy (from above)	1,504,500	386,470	1,118,030
Amount Already Paid	1,102,250	291,573	810,678
Additional Amounts Needed	402,250	94,897	307,352

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**DNC**  
**Coordinated Campaign Contributions**  
**10/18/94**

	DNC Funds	DNC Credit	Donor Direct	Total
Alabama	5,000			5,000
Alaska	10,000			10,000
Arizona	50,000			50,000
Arkansas	35,000			35,000
California	250,000		575,000	825,000
Colorado	105,000			105,000
Connecticut	10,000			10,000
Deleware	65,000		30,000	95,000
D.C.	5,000			5,000
Florida	400,917			400,917
Georgia	65,000			65,000
Hawaii	15,000			15,000
Idaho	20,000			20,000
Illinois	250,000		50,000	300,000
Indiana	25,000		5,000	30,000
Iowa	45,000		70,000	115,000
Kansas	12,000			12,000
Kentucky	0		15,800	15,800
Louisiana	5,000			5,000
Maine	35,000		50,000	85,000
Maryland	0		20,500	20,500
Massachusetts	130,000		64,000	194,000
Michigan	175,000			175,000
Minnesota	120,000			120,000
Mississippi	5,000			5,000
Missouri	27,000		65,750	92,750
Montana	75,000		5,000	80,000
Nebraska	5,000			5,000
Nevada	20,000			20,000
New Hampshire	30,000			30,000
New Jersey	150,000		25,000	175,000
New Mexico	59,000			59,000
New York	785,000		115,000	900,000
North Carolina	15,000			15,000
North Dakota	5,000			5,000
Ohio	50,000		100,000	150,000
Oklahoma	0		6,000	6,000
Oregon	40,000			40,000
Pennsylvania	250,000		50,000	300,000
Rhode Island	0		3,250	3,250
South Dakota	15,000			15,000
South Carolina	5,000			5,000
Tennessee	200,000			200,000
Texas	408,317			408,317
Utah	25,000		5,000	30,000
Virginia	50,000		60,625	110,625
Vermont	10,000			10,000
Washington	25,000		50,000	75,000
West Virginia	0		875	875

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Wisconsin	26,000		26,000
Wyoming	60,000	15,000	75,000
	<hr/>		
Total Moved To States	4,173,234	0	1,381,800 5,555,034
	<hr/>		

Note: The above amounts include as payments already made to CC's, \$208,000 sent to Texas and \$200,000 being sent to Massachusetts as CC expenditures (this is how they were budgeted). Political's worksheet does not count them toward the CC.

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October 18, 1994

DNC  
Computation of Remaining Coord. Campaign

	<u>Bankable</u>	<u>Allocation</u>
Computation as reflected in original DNC budget:		
Total Coordinated Campaign	6,537,000	6,977,000
Total amounts sent to states per DNC budget	<u>5,555,034</u>	<u>5,555,034</u>
Remaining to be sent per DNC budget	<u>981,966</u>	<u>1,421,966</u>

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October 18, 1994

DNC  
Computation of Remaining Coord. Campaign

	<u>Bankable</u>	<u>Allocation</u>
<b>Computation as reflected on Coordinated Campaign Worksheet:</b>		
Total Coordinated Campaign	6,537,000	6,977,000
Total amounts sent to states per CC Worksheet	<u>5,214,034</u>	<u>5,214,034</u>
Remaining to be sent per CC Worksheet	<u>1,322,966</u>	<u>1,762,966</u>

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Allocation Worksheet - DRAFT - (Oct 15, 1994)

and Paul Anthony?

O'Leary

State	OCT. 28	OCT. 28	OCT. 28
		DNC	DD
		NF	NF

California	\$280,000	<del>\$280,000</del>	
New York	\$100,000	\$100,000	
Florida	\$50,000	\$50,000	
Pennsylvania	\$100,000	<del>\$400,000</del>	
Tennessee	\$50,000	\$50,000	
Michigan	\$100,000	\$100,000	
New Jersey	\$75,000	<del>\$75,000</del>	
Virginia	\$75,000	\$75,000	
Texas	\$70,000	<del>\$70,000</del>	
Minnesota	\$60,000	\$60,000	
Ohio	\$25,000	\$25,000	
Delaware	\$5,000	\$5,000	
Maine	\$10,000	<del>\$10,000</del>	
Missouri	\$8,000	\$8,000	
Montana	\$20,000	\$20,000	
Arizona	\$15,000	\$15,000	
Wyoming	\$25,000	\$25,000	
Iowa	\$35,000	\$35,000	
New Mexico	\$10,000	\$10,000	
Georgia	\$35,000	\$35,000	
Colorado	\$20,000	\$20,000	
Maryland			feder
Oklahoma	\$14,000		\$14,000
Washington			
Illinois			
Oregon	\$10,000	\$10,000	
Arkansas	\$15,000	\$15,000	
Wisconsin	\$15,000	<del>\$15,000</del>	
N. Hampshire	\$15,000	\$15,000	
Utah	\$10,000	\$10,000	
Nevada	\$10,000	\$10,000	
Indiana	\$5,000	\$5,000	
N. Carolina	<del>\$50,000</del>	<del>\$50,000</del>	
Kentucky			
Mississippi	\$10,000	\$10,000	
Connecticut			
Idaho			
S. Dakota	\$5,000	\$5,000	
Alaska	\$5,000	\$5,000	
Vermont	<del>\$5,000</del>	<del>\$5,000</del>	500

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Allocation Worksheet - DRAFT - (Oct 15, 1994)

State	OCT. 26 DNC	OCT. 26 NF	OCT. 26 DD NF
Mississippi			
D.C.			
N. Dakota			
Kansas	<del>\$1,000</del> <sup>1550</sup>	<del>\$1,000</del> <sup>1550</sup>	<sup>40K</sup>
Louisiana			
Massachusetts		100,000	
R. Island		20	
S. Carolina	\$5,000	\$5,000	
Nebraska			
W. Virginia			
Alabama			
TOTAL	\$1,312,000		

L → Check records → 20,000 [⊕ Kansas] [ ]  
 I More 10,500 Federal  
 I

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DNC  
Generic Media Buys Worksheet

State	Federal	N/Federal	Total Cost	Estimated Federal	Estimated N/Federal
TV Buys					
PA	25	75	166,500	41,625	124,875 - I
<del>PA</del>	<del>25</del>	<del>78</del>	<del>163,500</del>	<del>35,970</del>	<del>127,530 - I</del>
OH	22	78	72,750	16,005	56,745 - I
MIN	25	75	99,750	24,938	74,813 - I
WA	33	67	204,000	67,320	136,680 - I
MT	29	71	33,500	9,715	23,785 - I
LA	12	88	34,500	4,313	30,188 I
ME	29	71	40,500	11,745	28,755 C
<del>PA</del>	<del>25</del>	<del>86</del>	<del>0</del>	<del>0</del>	<del>0</del>
<del>PA</del>	<del>25</del>	<del>63</del>	<del>0</del>	<del>0</del>	<del>0 or E</del>
<del>PA</del>	<del>25</del>	<del>78</del>	<del>109,500</del>	<del>31,755</del>	<del>77,745 - I</del>
<del>PA</del>	<del>25</del>	<del>78</del>	<del>0</del>	<del>0</del>	<del>0 or E</del>
			<u>924,500</u>	<u>243,385</u>	<u>681,115</u>

10/12/94  
10/12/94

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13:07

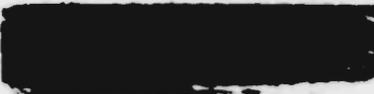
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10/12/94

Media Campaign Wire Transfer Information

 Michigan

Bank Name:

Capital National Bank

Account's Name:

Michigan Democratic Party - Federal Acc.

Bank Account Number:

3009121

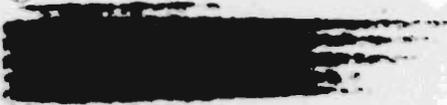
Bank ABA Routing Number:



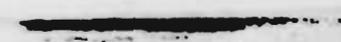
Type of money:

Federal

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Media Campaign Wire Transfer Information

State Code:

Michigan

Bank Name:

Capital National Bank

Account's Name:

Michigan Democratic State Congress

Bank Account Number:

3008656

Bank ABA Routing Number:

[Redacted]

Special Code:

Non-Federal

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Allocation Worksheet - DRAFT - (Sept. 9, 1994)

	Available Allocation	Total Allocation	State's Total CC Budget	DNC % Of State's Total	DNC TOTAL CASH	DNC/CASH NON-FED	DNC/CASH FED	DNC/STATE SPLIT (ACT.)	NSA PROJ	NSA ACTUAL	SRL DON PROJ	SRL DON ACTUAL	SRL DON NON-FED	SRL DON FED	BALANCE DUE PROJ	BALANCE DUE ACT.	TOTAL 1994 DNC \$
California	\$1,000,000	\$1,000,000	\$5,463,774	18%	\$0	\$0			\$00,000		\$400,000	\$000,000	\$000,000	\$0	\$000,000	\$000,000	\$1,000,000
Massachusetts	\$200,000	\$200,000	\$1,000,000	20%	\$0	\$0			\$10,000			\$0	\$0	\$0	\$100,000	\$000,000	\$200,000
Pennsylvania	\$300,000	\$300,000	\$1,000,000	30%	\$75,000	\$75,000			\$00,000		\$00,000	\$00,000	\$00,000	\$0	\$175,000	\$000,000	\$300,000
Tennessee	\$200,000	\$200,000	\$1,100,000	27%	\$0	\$0			\$15,000			\$0	\$0	\$0	\$200,000	\$000,000	\$200,000
Michigan	\$200,000	\$200,000	\$3,351,730	6%	\$00,000	\$00,000			\$10,000			\$0	\$0	\$0	\$240,000	\$000,000	\$200,000
Ohio	\$100,000	\$100,000	\$000,771	17%	\$40,000	\$40,000			\$20,000		\$00,000	\$00,000	\$00,000	\$0	\$40,000	\$00,000	\$100,000
Ohio	\$175,000	\$200,000	\$1,700,402	11%	\$0	\$0			\$00,000		\$100,000	\$100,000	\$100,000	\$0	\$00,000	\$100,000	\$200,000
Florida	\$400,000	\$400,000	\$1,205,045	33%	\$303,000	\$303,000			\$15,000		\$00,000	\$0	\$0	\$0	\$22,000	\$07,000	\$400,000
New York	\$1,000,000	\$1,000,000	\$3,007,000	33%	\$000,000	\$000,000			\$0		\$100,000	\$100,000	\$100,000	\$0	\$300,000	\$300,000	\$1,000,000
Texas	\$200,000	\$200,000	\$2,977,000	6%	\$25,000	\$25,000		\$200,000	\$20,000			\$0	\$0	\$0	\$107,000	\$217,000	\$400,000
Wyoming	\$100,000	\$150,000	\$313,000	48%	\$10,000	\$10,000			\$10,000			\$0	\$0	\$0	\$120,000	\$140,000	\$100,000
Iowa	\$150,000	\$150,000	\$002,400	25%	\$0	\$0			\$10,000		\$00,000	\$00,000	\$00,000	\$0	\$00,000	\$100,000	\$100,000
Virginia	\$100,000	\$200,000		ERR	\$0	\$0			\$25,000			\$0	\$0	\$0	\$25,000	\$200,000	\$200,000
Washington	\$75,000	\$75,000	\$020,000	14%	\$25,000	\$25,000			\$10,000		\$00,000	\$0	\$0	\$0	\$10,000	\$00,000	\$75,000
New Jersey	\$200,000	\$300,000	\$1,510,300	20%	\$0	\$0			\$25,000		\$25,000	\$0	\$0	\$0	\$200,000	\$300,000	\$300,000
Delaware	\$100,000	\$100,000	\$200,000	72%	\$20,000	\$20,000			\$10,000		\$20,000	\$0	\$0	\$0	\$100,000	\$120,000	\$100,000
Arizona	\$00,000	\$150,000	\$032,700	24%	\$0	\$0			\$10,000			\$0	\$0	\$0	\$140,000	\$100,000	\$100,000
Oregon	\$00,000	\$00,000	\$303,700	14%	\$10,000	\$10,000			\$10,000			\$0	\$0	\$0	\$20,000	\$40,000	\$00,000
Montana	\$00,000	\$100,000	\$441,427	23%	\$0	\$0			\$15,000			\$0	\$0	\$0	\$05,000	\$100,000	\$100,000
Monte	\$00,000	\$75,000	\$430,000	17%	\$0	\$0		\$200,000	\$10,000		\$00,000	\$00,000	\$00,000	\$0	\$10,000	\$20,000	\$275,000
Missouri	\$100,000	\$100,000	\$007,101	17%	\$12,000	\$12,000			\$10,000		\$00,000	\$0	\$0	\$0	\$73,000	\$120,000	\$100,000
Oklahoma	\$00,000	\$75,000	\$000,100	11%	\$0	\$0			\$0,000			\$0	\$0	\$0	\$70,000	\$70,000	\$75,000
New Mexico	\$00,000	\$100,000	\$300,200	20%	\$0	\$0			\$0,000			\$0	\$0	\$0	\$00,000	\$100,000	\$100,000
Arkansas	\$20,000	\$00,000	\$302,300	17%	\$0	\$0			\$0			\$0	\$0	\$0	\$00,000	\$00,000	\$00,000
N. Hampshire	\$40,000	\$40,000	\$204,027	10%	\$0	\$0			\$0			\$0	\$0	\$0	\$40,000	\$40,000	\$40,000

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Allocation Worksheet - DRAFT - (Sept. 9, 1994)

State	Borrowable	Total	State's Total	DNC %	DNC	DNC/CASH	DNC/CASH	DNC/STATE	NEA	NEA	GR. DON.	GR. DON.	GR. DON.	GR. DON.	BALANCE	BALANCE	TOTAL 1994
	Allocation	Allocation	CC Budget	Of State's Total	TOTAL CASH	NON-PED	PED	SPLIT (ACT.)	PROJ.	ACTUAL	PROJ.	ACTUAL	NON-PED	PED	GR. PROJ.	GR. ACT.	DNC \$
Alaska	\$100,000	\$100,000	\$1,000,000	7%	\$70,000	\$70,000			\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$100,000
Arizona	\$30,000	\$30,000	\$364,407	8%	\$0	\$0			\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$30,000
California	\$25,000	\$25,000	\$312,000	8%	\$0	\$0			\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$25,000
Idaho	\$10,000	\$20,000	\$100,000	10%	\$10,000	\$10,000			\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$20,000
Illinois	\$25,000	\$25,000		ERR	\$0	\$0			\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$25,000
Kansas	\$0,000	\$0,000	\$000,000	1%	\$0	\$0			\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0,000
Montana	\$100,000	\$100,000	\$301,000	60%	\$70,000	\$70,000			\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$100,000
N. Dakota	\$30,000	\$30,000	\$200,000	7%	\$10,000	\$10,000			\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$30,000
Washington	\$40,000	\$00,000	\$002,413	6%	\$0	\$0			\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$00,000
Colorado	\$100,000	\$100,000	\$310,000	27%	\$00,000	\$00,000			\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$100,000
S. Carolina	\$0,000	\$0,000		ERR	\$0	\$0			\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0,000
Alaska	\$10,000	\$10,000	\$277,000	7%	\$0	\$0			\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$10,000
R. Island	\$0,000	\$0,000	\$200,104	1%	\$0	\$0			\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0,000
Massachusetts	\$0,000	\$0,000	\$103,000	2%	\$0	\$0	\$134,000		\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0,000
Del.	\$0,000	\$0,000	\$000,000	1%	\$0	\$0			\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0,000
Indiana	\$20,000	\$30,000	\$400,330	7%	\$0	\$0			\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$30,000
Minnesota	\$0,000	\$0,000	\$003,340	1%	\$0	\$0			\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0,000
N. Carolina	\$20,000	\$20,000	\$320,000	6%	\$0	\$0			\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$20,000
Mississippi	\$0,000	\$0,000	\$100,710	6%	\$0	\$0			\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0,000
N. Dakota	\$0,000	\$0,000	\$023,000	1%	\$0	\$0			\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0,000
New York	\$20,000	\$20,000	\$300,000	6%	\$0	\$0			\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$20,000
Utah	\$30,000	\$30,000	\$207,700	15%	\$0	\$0			\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$30,000
Louisiana	\$0,000	\$0,000		ERR	\$0	\$0			\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0,000
W. Virginia	\$0,000	\$0,000			\$0	\$0			\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0,000
Vermont	\$10,000	\$10,000	\$105,000		\$0	\$0			\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$10,000
D.C.	\$0,000	\$0,000			\$0	\$0			\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0,000
TOTAL	\$0,707,000	\$0,777,000			\$1,340,000	\$1,100,000		\$042,000	\$400,000	\$0	\$1,100,000	\$000,000	\$000,000	\$0	\$0,070,000	\$4,000,000	\$7,210,000

98043864696

C. Jurisdiction Worksheet - DRAFT - (Sept 9, 1994)

	Available Allocation	Total Allocation	SEPT 14	SEPT 28	OCT 5	OCT 19	OCT 26	POST OCT 26	LEFT TO DISBURSE
California	\$1,000,000	\$1,000,000	\$300,000	\$150,000	\$150,000	\$80,000	\$150,000		\$0
Illinois	\$200,000	\$200,000		\$50,000	\$50,000	\$50,000	\$50,000		\$0
Pennsylvania	\$200,000	\$200,000	\$75,000	\$25,000	\$50,000		\$25,000	\$50,000	\$0
Tennessee	\$200,000	\$200,000	\$25,000	\$75,000	\$75,000	\$50,000	\$25,000	\$50,000	\$0
Michigan	\$200,000	\$200,000		\$75,000	\$75,000	\$25,000	\$25,000	\$50,000	\$0
Maine	\$100,000	\$100,000			\$5,000	\$5,000		\$50,000	\$0
Ohio	\$175,000	\$200,000		\$25,000	\$25,000	\$10,000	\$15,000	\$25,000	\$0
Florida	\$400,000	\$400,000		\$15,000	\$50,000		\$22,000		\$0
New York	\$1,000,000	\$1,000,000		\$100,000		\$100,000	\$100,000		\$0
Texas	\$242,000	\$242,000	\$25,000	\$20,000	\$72,000	\$50,000	\$30,000	\$20,000	\$0
Wyoming	\$100,000	\$100,000		\$20,000	\$25,000	\$20,000	\$25,000	\$50,000	\$0
Iowa	\$100,000	\$100,000		\$40,000	\$25,000		\$25,000	\$10,000	\$0
Virginia	\$100,000	\$200,000		\$25,000	\$25,000	\$25,000	\$25,000	\$150,000	\$0
West Virginia	\$75,000	\$75,000	\$10,000		\$20,000		\$20,000		\$0
New Jersey	\$200,000	\$200,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$0
Delaware	\$100,000	\$100,000	\$10,000	\$20,000	\$25,000		\$25,000	\$50,000	\$0
Arizona	\$00,000	\$100,000	\$15,000		\$15,000		\$20,000	\$100,000	\$0
Oregon	\$00,000	\$00,000	\$10,000	\$10,000	\$10,000		\$10,000		\$0
Washington	\$00,000	\$100,000		\$10,000	\$20,000	\$10,000	\$10,000	\$50,000	\$0
Montana	\$00,000	\$75,000						\$25,000	\$0
Missouri	\$100,000	\$100,000	\$55,000		\$20,000		\$13,000	\$50,000	\$0
Oklahoma	\$00,000	\$75,000		\$15,000	\$10,000		\$25,000	\$25,000	\$0
New Mexico	\$00,000	\$100,000		\$25,000	\$10,000		\$15,000	\$50,000	\$0
Arkansas	\$35,000	\$00,000	\$15,000		\$10,000		\$10,000	\$15,000	\$0
N. Hampshire	\$45,000	\$45,000	\$20,000	\$10,000	\$10,000		\$5,000		\$0

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Disbursement Worksheet - DRAFT - (Sept. 9, 1994)

State	Available	Total	SEPT 14	SEPT 28	OCT 5	OCT 18	OCT 28	POST	LEFT
	Allocation	Allocation						OCT 28	TO DISBURSE
Georgia	\$100,000	\$100,000		\$30,000	\$35,000		\$10,000		\$0
Nevada	\$30,000	\$30,000		\$10,000	\$10,000		\$10,000		\$0
Connecticut	\$25,000	\$25,000		\$5,000	\$10,000		\$10,000		\$0
Idaho	\$10,000	\$20,000						\$10,000	\$0
Illinois	\$25,000	\$25,000		\$10,000	\$5,000		\$10,000		\$0
Kansas	\$5,000	\$5,000	\$5,000						\$0
Montana	\$100,000	\$100,000		\$20,000	\$40,000		\$20,000	\$50,000	\$0
S. Dakota	\$30,000	\$20,000			\$10,000				\$0
Wisconsin	\$40,000	\$80,000		\$20,000	\$20,000		\$10,000		\$0
Colorado	\$100,000	\$100,000			\$20,000		\$30,000		\$0
S. Carolina	\$5,000	\$5,000	\$5,000						\$0
Alabama	\$15,000	\$15,000	\$5,000	\$5,000			\$5,000		\$0
R. Island	\$5,000	\$5,000	\$5,000						\$0
Massachusetts	\$5,000	\$5,000	\$5,000						\$0
Arkansas	\$5,000	\$5,000	\$5,000						\$0
Indiana	\$30,000	\$30,000		\$15,000			\$5,000	\$10,000	\$0
Nebraska	\$5,000	\$5,000	\$5,000						\$0
N. Carolina	\$25,000	\$25,000	\$10,000		\$5,000	\$5,000	\$5,000		\$0
Mississippi	\$5,000	\$5,000	\$5,000						\$0
N. Dakota	\$5,000	\$5,000	\$5,000						\$0
Kentucky	\$25,000	\$25,000	\$5,000		\$10,000		\$10,000		\$0
Utah	\$30,000	\$30,000	\$10,000		\$10,000		\$10,000		\$0
Louisiana	\$5,000	\$5,000	\$5,000						\$0
W. Virginia	\$5,000	\$5,000	\$5,000						\$0
Newmont	\$15,000	\$15,000	\$5,000	\$10,000					\$0
D.C.	\$5,000	\$5,000	\$5,000						\$0
									\$0
<b>TOTAL</b>	<b>\$6,867,000</b>	<b>\$6,777,000</b>	<b>\$700,000</b>	<b>\$885,000</b>	<b>\$1,002,000</b>	<b>\$450,000</b>	<b>\$855,000</b>	<b>\$640,000</b>	<b>\$0</b>

9 8 0 4 3 8 6 4 9 8

1994 Budget Worksheet - Ranked within Tiers by NCEC Points

Idaho	\$25,000	\$25,000						\$0			\$25,000	\$25,000	
Kansas	\$10,000	\$10,000						\$0			\$10,000	\$10,000	
Montana	\$100,000	\$150,000						\$5,000			\$145,000	\$150,000	
S. Dakota	\$15,000	\$15,000						\$0			\$15,000	\$15,000	
Wisconsin	\$40,000	\$40,000						\$5,000			\$35,000	\$40,000	
Colorado	\$50,000	\$100,000						\$5,000			\$95,000	\$100,000	
S. Carolina	\$5,000	\$5,000						\$0			\$5,000	\$5,000	
Alaska	\$5,000	\$5,000						\$5,000			\$0	\$5,000	
R. Island	\$5,000	\$5,000						\$0			\$5,000	\$5,000	
Massachusetts	\$205,000	\$205,000			\$200,000	\$75,000		\$5,000			\$0	\$130,000	
Alabama	\$5,000	\$5,000						\$0			\$5,000	\$5,000	
Indiana	\$5,000	\$30,000						\$5,000			\$25,000	\$30,000	
Nebraska	\$5,000	\$5,000						\$2,500			\$2,500	\$5,000	
N. Carolina	\$25,000	\$50,000						\$0			\$25,000	\$25,000	
Mississippi	\$5,000	\$5,000						\$5,000			\$0	\$5,000	
N. Dakota	\$5,000	\$5,000						\$0			\$5,000	\$5,000	
Kentucky	\$5,000	\$5,000						\$0			\$5,000	\$5,000	
Tennessee	\$30,000	\$30,000						\$5,000			\$25,000	\$30,000	
Louisiana	\$5,000	\$5,000						\$0			\$5,000	\$5,000	
W. Virginia	\$5,000	\$5,000						\$0			\$5,000	\$5,000	
Vermont	\$15,000	\$15,000						\$0			\$15,000	\$15,000	
D.C.	\$5,000	\$5,000						\$0			\$5,000	\$5,000	
<b>TOTAL</b>	<b>\$6,020,000</b>	<b>\$6,805,000</b>	<b>\$140,000</b>	<b>\$50,000</b>	<b>\$40,000</b>	<b>\$1,971,000</b>		<b>\$452,500</b>	<b>\$0</b>	<b>\$900,000</b>	<b>\$400,000</b>	<b>\$3,291,500</b>	<b>\$4,674,000</b>
Reserves	\$980,000	\$195,000											\$195,000
	\$7,000,000	\$7,000,000											\$5,000,000

6 6 9 1 9 8 8 4 0 8 6

1984 Budget Worksheet - Ranked within Tiers by NCEC Points

State	Bankable Allocation	Total Allocation	DNC CASH	PRN TRV PROJ.	PRN TRV ACTUAL	DNC TRV PROJ.	DNC TRV ACTUAL	NEA PROJ.	NEA ACTUAL	DIR. DON. PROJ.	CHR. DON. ACTUAL	BALANCE DUE PRJ.	BALANCE DUE ACT.
California	\$1,000,000	\$1,000,000											
Minnesota	\$150,000	\$200,000						\$50,000		\$200,000	\$200,000	\$750,000	\$800
Pennsylvania	\$250,000	\$300,000	\$75,000					\$10,000				\$190,000	\$200
Tennessee	\$270,000	\$275,000						\$50,000		\$50,000	\$80,000	\$125,000	\$175
Michigan	\$250,000	\$300,000						\$15,000				\$280,000	\$275
Maine	\$100,000	\$150,000	\$40,000	\$50,000	\$5,000			\$10,000				\$200,000	\$300
Ohio	\$175,000	\$200,000						\$20,000		\$100,000	\$60,000	(\$35,000)	\$85
Florida	\$450,000	\$450,000						\$50,000		\$100,000		\$50,000	\$200
New York	\$1,000,000	\$1,000,000				\$363,000	\$363,000	\$15,000		\$50,000		\$22,000	\$97
Texas	\$450,000	\$450,000				\$1,000,000	\$500,000	\$10,000		\$100,000	\$100,000	(\$115,000)	\$400
Wyoming	\$100,000	\$150,000				\$208,000	\$208,000	\$20,000				\$222,000	\$242
Iowa	\$150,000	\$150,000						\$10,000				\$140,000	\$150
Virginia	\$100,000	\$250,000						\$10,000		\$50,000		\$80,000	\$150
Washington	\$75,000	\$75,000	\$25,000					\$5,000				\$140,000	\$150
Jersey	\$150,000	\$150,000						\$10,000		\$60,000		(\$10,000)	\$50
Delaware	\$100,000	\$150,000						\$25,000		\$25,000		\$100,000	\$150
Arizona	\$50,000	\$75,000						\$10,000				\$120,000	\$150
Oregon	\$50,000	\$50,000						\$10,000				\$65,000	\$75
Maryland	\$50,000	\$85,000						\$10,000				\$40,000	\$50
Illinois	\$250,000	\$275,000						\$15,000				\$70,000	\$85
Missouri	\$75,000	\$100,000				\$200,000	\$200,000	\$10,000		\$50,000		\$15,000	\$75
Oklahoma	\$50,000	\$75,000						\$10,000		\$55,000		\$38,000	\$100
New Mexico	\$50,000	\$50,000						\$5,000				\$10,000	\$75
Arkansas	\$35,000	\$35,000						\$5,000				\$45,000	\$50
N Hampshire	\$45,000	\$45,000						\$0				\$35,000	\$35
Georgia	\$50,000	\$100,000						\$0				\$45,000	\$45
Nevada	\$30,000	\$30,000						\$5,000		\$50,000		\$40,000	\$100
Connecticut	\$25,000	\$25,000						\$5,000				\$25,000	\$30
Idaho	\$10,000	\$10,000						\$0				\$25,000	\$25
								\$5,000				\$5,000	\$10

0 0 4 3 6 1 7 0 0

① State MI

② Spot Status : (spot name(s)) \_\_\_\_\_

DSCC - Deal

DNA -

PECC -

State Party -

③ 1st WK Federal \$35,970 Non-Federal \$127,536

63,500 Money Received By State: YES / no  
Money Wired to DC: yes / no

10/24 Federal \$14,273 Non-Federal \$5610

Money Received By State: Yes / No  
Money Wired to DC: Yes / NO

10/24 Federal \$15,043 Non-Federal \$53336

Money Received By State: Yes / No  
Money Wired to DC: yes / No

10/28 Federal \$37,648 Non-Federal \$133,475

Money Received By State: Yes / No  
Money Wired to DC: Yes / NO

11/1 Federal \$11205 Non-Federal \$99729

Money Received By State: Yes / No  
Money Wired to DC: Yes / No

④ Wire Information Into Party:

ABA Routing # \_\_\_\_\_

Acct # \_\_\_\_\_



Michigan Democratic Party

MICHIGAN DEMOCRATIC STATE CENTRAL COMMITTEE • 606 TOWNSEND LANSING, MI 48933  
517/371-5410 • FAX 517/371-2056

For an update on Party activities, call 1-800-DEMSFY1

Chair  
Mark Brewer

Vice Chairs  
Flo Walker  
Hubert Holley

Recording Secretary  
Mary Bethany

Corresponding Secretary  
Nancy White

Treasurer  
Barbara Rom

DNC  
Committeemembers

- 2 Dennis Archer
- 0 Mary Bethany
- 0 Bill Casstevens
- 0 Debbie Dingell
- 0 Joel Ferguson
- 0 Frank Garrison
- 0 Ernie Lofton
- 0 Kim Moran
- 0 Hubert Price
- 0 Virgie Rollins
- 0 Mildred Stallings
- 0 Rick Wiener
- 0 Beverly Wolkow
- 4 Coleman Young

Anne A. Weissenborn  
Federal Election Commission  
Washington, D.C. 20463

Re: MUR 4215

Dear Ms. Weissenborn:

This is to request pre-probable cause conciliation in the above matter.  
We would like to amicably resolve this matter as soon as possible - I look forward to hearing from you.

Sincerely,

Mark Brewer

MB/sp

January 13, 1997

JAN 17 12 45 PM '97

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL



BEFORE THE FEDERAL ELECTION COMMISSION

MAY 7 4 17 PM '97

In the Matter of )  
 )  
 )  
Michigan Democratic State Central Committee )  
Roger Winkelman, as treasurer )

**SENSITIVE**  
MUR 4215

GENERAL COUNSEL'S REPORT

**I. BACKGROUND**

On November 1, 1996, the Commission found reason to believe that the Michigan Democratic State Central Committee and its treasurer, ("the MDP" or "the Committee") violated 2 U.S.C §§ 441a(f) and 441(b) and 11 C.F.R. §§ 102.5, 104.10(b)(1), 106.5(d), and 106.5(g)(1)(i) in connection with generic voter drive activity undertaken by the Committee in 1994 in part with funds provided by the Democratic National Committee ("the DNC").<sup>1</sup> This activity involved the placement of a media advertisement entitled "Deal" with stations in Michigan. The MDP was notified of these findings and was also asked to submit answers to questions and to produce certain documents. On January 12, 1997, a response was received by this Office. This response contained only a request for pre-probable cause conciliation. (Attachment 1).

**II. ANALYSIS**

Although the MDP has not responded to the written questions posed by this Office and has not produced the documents requested, sufficient information is now in

<sup>1</sup> Barbara J. Rom was treasurer of the MDP at the time the Commission made its findings of reason to believe. On February 16, 1997, Ms. Rom informed the Commission by letter that Roger Winkelman had been elected treasurer as of February 9, 1997.

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hand to formulate a proposed agreement with this respondent. Most of the written questions posed to the MDP by this Office involved transfers which the MDP received from the DNC in October and November, 1994; these questions regarding the sources, amounts and purposes of the transfers have been answered by the latter committee. No reason to believe findings have been made with regard to the MDP's involvement in these DNC transfers.

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A re-examination of the MDP's reports and of other documents in light of the DNC's responses has, however, raised additional questions about the MDP allocations and expenditures involved in this matter which have been posed to the chairman of that committee by telephone. First, this Office has asked about the \$58,627 in excessive allocations of generic voter drive costs to MDP's non-federal accounts which were unilaterally identified by the Committee in its response to the complaint in this matter. The Commission found reason to believe in this regard that the MDP violated 2 U.S.C. §§ 441a(f) and 441(b) and 11 C.F.R. §§ 102.5 and 106.5(d). Based upon documentary evidence, questions arose after these findings were made as to whether this amount was in fact spent, or whether this figure represented only a reporting error. The Committee's chairman, Mark Brewer, recently confirmed the Committee's unsolicited admission that this excessive amount was in fact paid out.

Secondly, this Office has asked whether the November 1 and 2, 1994 payments totaling \$277,146 (\$103,939 and \$173,207) to Grunewald, Eskew and Donilon ("Grunewald") which were made from an MDP non-federal account were in fact paid directly to the vendor via wire transfers (Attachment 2), or whether these monies were

transferred to an MDP federal account, as indicated in the MDP's amended 1994 Post-General Election Report (Attachment 3, page 4), and then paid to the vendor from the federal account. Mr. Brewer has confirmed that the wire transfers were sent directly to the vendor from the non-federal account, and that the Committee's report of transfers to a federal account was in error.

In this latter regard, the Commission has already found reason to believe that the MDP and its treasurer violated 11 C.F.R. § 106.5(g)(1)(i) by making payments totaling \$277,146 for non-federal portions of shared activity directly to the vendor from a non-federal account. 2 U.S.C. § 434(b) requires that political committees report the total amounts of all transfers received or made during a particular reporting period, while 11 C.F.R. § 104.10(b)(3) requires that political committees which allocate expenses between federal and non-federal activity report each transfer of funds from their non-federal to their federal accounts. The reporting of transfers which did not actually take place would constitute a violation of these statutory and regulatory provisions. Therefore, this Office recommends that the Commission also find reason to believe that the MDP and Roger Winkelman, as treasurer, violated 2 U.S.C. § 434(b) and 11 C.F.R. § 104.10(b)(3) by reporting transfers which were not actually made

The final violation the Commission has found reason to believe occurred involves the reporting of the allocations of the two sets of payments to Grunewald for the "Deal" advertisement on November 1 and 2, 1994. In its original 1994 Post-General Report, MDP itemized these disbursements respectively as \$16,741 federal, \$50,223 non-federal

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and as \$2,801 federal, \$8,401 non-federal. In its amended 1994 Post-General Report, the MDP itemized the same disbursements as \$37,599 federal, \$133,304 non-federal (22% - 78%) and as \$40,571 federal, \$143,842 non-federal (22%-78%). (Attachment 3, page 3). The ratio of 22% federal - 78% non-federal was the correct one in 1994 for the MDP, pursuant to 11 C.F.R. § 106.5(d)(2). However, the amounts which were actually paid by means of wire transfers were \$66,964 federal, \$103,939 non-federal (39%-61%) and \$11,206 federal, \$173,207 non-federal (6%-94%). (See the First General Counsel's Report in this matter, pages 19-20, for a more detailed breakdown of these three different sets of figures.) While the total amounts expended from each account on the two days in question are the same whether one relies upon the MDP's amended report or upon the figures on the wire transfers (totals of \$78,170 federal and \$277,146 non-federal in both instances or a ratio of 22%-78%), the undisputed fact remains that the MDP's figures for allocations of a total of \$355,316 in disbursements were incorrect as reported. Thus, the Commission's finding of a violation of 11 C.F.R. § 104.10(b)(1) stands.

### **III. DISCUSSION OF CONCILIATION PROVISIONS AND CIVIL PENALTY**

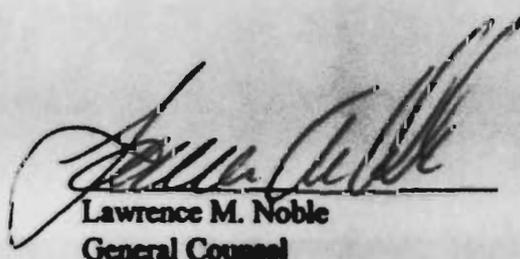
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**IV. RECOMMENDATIONS**

- 1. Find reason to believe that the Michigan Democratic State Central Committee and Roger Winkelman, as treasurer, violated 2 U.S.C. § 434(b) and 11 C.F.R. § 104.10(b)(3).
- 2. Enter into conciliation with the Michigan Democratic State Central Committee and Roger Winkelman, as treasurer, prior to a finding of probable cause to believe.
- 3. Approve the attached proposed conciliation agreement and the appropriate letter.

5/7/97  
Date

  
Lawrence M. Noble  
General Counsel



FEDERAL ELECTION COMMISSION  
Washington, DC 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE  
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/BONNIE ROSS *BR*  
COMMISSION SECRETARY

DATE: MAY 13, 1997

SUBJECT: MUR 4215 - General Counsel's Report

The above-captioned document was circulated to the Commission  
on Thursday, May 08, 1997.

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

- Commissioner Aikens —
- Commissioner Elliott —
- Commissioner McDonald **XXX**
- Commissioner McGarry —
- Commissioner Thomas **XXX**

This matter will be placed on the meeting agenda for  
Tuesday, May 20, 1997.

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

98043864708

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Michigan Democratic State Central ) MUR 4215  
Committee and Roger Winkelman, as )  
treasurer. )

CERTIFICATION

I, Mary W. Dove, recording secretary for the Federal Election Commission executive session on May 20, 1997, do hereby certify that the Commission decided by a vote of 5-0 to take the following actions in MUR 4215:

1. Find reason to believe that the Michigan Democratic State Central Committee and Roger Winkelman, as treasurer, violated 2 U.S.C. § 434(b) and 11 C.F.R. § 104.10(b)(3).
2. Enter into conciliation with the Michigan Democratic State Central Committee and Roger Winkelman, as treasurer, prior to a finding of probable cause to believe.
3. Approve the proposed conciliation agreement and the appropriate letter, as recommended in the General Counsel's Report dated May 7, 1997

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

Attest:

93043064709  
May 20, 1997  
Date

Mary W. Dove  
Mary W. Dove  
Administrative Assistant



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

May 22, 1997

Mark Brewer, Chair  
Michigan Democratic State Central Committee  
606 Townsend  
Lansing, Michigan 48933

RE: MUR 4215  
Michigan Democratic State Central  
Committee  
Roger Winkelman, as treasurer

Dear Mr. Brewer:

On November 1, 1996, the Federal Election Commission found reason to believe that the Michigan Democratic State Central Committee ("the MDP") and its treasurer violated 2 U.S.C. §§ 441a(f) and 441b and 11 C.F.R. §§ 102.5, 104.10(b)(1), 106.5(d) and 106.5(g)(1)(i). As you are aware, the Commission's finding of a violation of 11 C.F.R. § 106.5(g)(1)(i) involved the MDP's payment directly from a non-federal account to a vendor of the non-federal share of joint expenses totaling \$277,146. Based upon information gleaned during the investigation, the Commission, on May 20, 1997, found reason to believe that the MDP and Roger Winkelman, as treasurer, violated 2 U.S.C. § 434(b) and 11 C.F.R. § 104.10(b)(3) by reporting the same \$277,146 in payments as transfers to its federal account rather than as payments to the vendor. In response to your request of January 13, 1997, the Commission on May 20, 1997 also determined 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 in settlement of this matter. This agreement addresses all of the violations which the Commission has found reason to believe occurred, including the most recent ones. If you agree 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.

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Mark Brewer, Chair  
Michigan Democratic State Central Committee  
Page 2

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 Anne A. Weissenborn, Senior Attorney, at (202) 219-3400.

Sincerely,

*Joan D. Aikens*

Joan D. Aikens  
Vice Chairman

Enclosure  
Conciliation Agreement

98043864711

BEFORE THE FEDERAL ELECTION COMMISSION

**SENSITIVE**

In the Matter of )  
 )  
 )  
Michigan Democratic State Central Committee )  
Roger Winkelman, as treasurer )

MUR 4215

**GENERAL COUNSEL'S REPORT**

**I. BACKGROUND**

On May 20, 1997, the Commission voted to enter into conciliation with the Michigan Democratic State Central Committee and Roger Winkelman, as treasurer, ("the Committee") prior to a finding of probable cause to believe. The proposed agreement was sent to the Committee on May 22, 1997.

The following is a discussion of the Committee's response to the Commission's proposed agreement and of a revised proposed agreement (Attachment 3) which this Office recommends that the Commission approve.

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**II. ANALYSIS**

**PAGE 2 THROUGH THE BOTTOM OF PAGE 8  
CONTAINS CONCILIATION INFORMATION**

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**III. RECOMMENDATIONS**

1. Take no further action with regard to violations of 2 U.S.C. § 441a(f) and § 441b and of 11 C.F.R. § 102.5 and § 106.5(d).

2. Approve the attached revised conciliation agreement.

3. Approve the appropriate letter.

10/2/97  
Date

*Lawrence M. Noble*  
Lawrence M. Noble  
General Counsel

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Michigan Democratic State Central ) MUR 4215  
Committee and Roger Winkelman, as )  
treasurer. )

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on October 14, 1997, the Commission decided by a vote of 5-0 to take the following actions in MUR 4215:

1. Take no further action with regard to violations of 2 U.S.C. § 441a(f) and § 441b and of 11 C.F.R. § 102.5 and § 106.5(d).
2. Approve the revised conciliation agreement, as recommended in the General Counsel's Report dated October 7, 1997.
3. Approve the appropriate letter, as recommended in the General Counsel's Report dated October 7, 1997.

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

Attest:

October 14, 1997  
Date

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

Received in the Secretariat: Wed., Oct. 08, 1997 8:54 a.m.  
Circulated to the Commission: Wed., Oct. 08, 1997 11:00 a.m.  
Deadline for vote: Tues., Oct. 14, 1997 4:00 p.m.

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

October 15, 1997

Mark Brewer, Chair  
Michigan Democratic State Central Committee  
606 Townsend  
Lansing, Michigan 48933

RE: MUR 4215  
Michigan Democratic State Central  
Committee  
Roger Winkelman, as treasurer

Dear Mr. Brewer:

The Federal Election Commission ("the Commission") has considered the suggested modifications of its proposed conciliation agreement which you set out in your letter of June 18, 1997, as well as information which you submitted more recently in response to inquiries from this Office. On October 14, 1997, the Commission determined to take no further action with regard to violations of 2 U.S.C. §§ 441a(f) and 441b and of 11 C.F.R. §§ 102.5 and 106.5 which had appeared to arise in connection with the incorrect allocation of \$58,627 in payments to a vendor for placement of the "Deal" advertisement in 1992. On the same date, the Commission also approved a revised conciliation agreement which is enclosed herewith for your consideration.

The Commission is still hopeful that this matter can be settled through a conciliation agreement. You are asked to respond to the revised proposal within fifteen days of your receipt of this notification. If you have any questions, please contact me at (202) 219-3400.

Sincerely,

A handwritten signature in cursive script, appearing to read "Anne A. Weissenborn".

Anne A. Weissenborn  
Senior Attorney

Enclosure  
Conciliation Agreement

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

RECEIVED  
FEDERAL ELECTION  
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October 27, 1997

Joseph E. Sandler, General Counsel  
Joseph M. Birkenstock, Assistant General Counsel  
Democratic National Committee  
430 S. Capitol Street, SE  
Washington, DC 20003

**SENSITIVE**

RE: MUR 4215  
Democratic National Committee  
Carol Pensky, as treasurer

Dear Mr. Sandler and Mr. Birkenstock:

Based on a complaint filed with the Federal Election Commission on May 25, 1995, and information supplied by your clients, the Commission, on November 1, 1996, found that there was reason to believe the Democratic National Committee and its treasurer (the "DNC") violated 2 U.S.C. §§ 441a(f) and 441b and 11 C.F.R. §§ 106.5(b) and 106.5(g)(1)(i), and instituted an investigation of this matter.

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

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

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

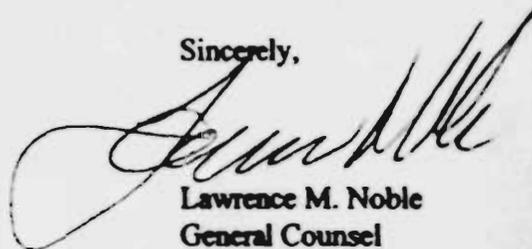
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Joseph E. Sandler, General Counsel  
Joseph M. Birkenstock, Assistant General Counsel  
Page 2

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

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

Sincerely,



Lawrence M. Noble  
General Counsel

Enclosure  
Brief

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Democratic National Committee  
Carol Pensky, as treasurer

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MUR 4215

GENERAL COUNSEL'S BRIEF

**I. STATEMENT OF THE CASE**

On November 1, 1996, the Federal Election Commission ("the Commission") found reason to believe that the Democratic National Committee and its treasurer, ("the DNC"), violated 2 U.S.C. §§ 441a(f) and 441b and 11 C.F.R. §§ 106.5(b) and 106.5(g)(1)(i).<sup>1</sup> The Office of the General Counsel conducted an investigation pursuant to 2 U.S.C. § 437g(a)(2); this brief presents the results of that investigation.

**II. FACTUAL AND LEGAL ANALYSIS**

**A. Background**

The Commission found reason to believe that the DNC and its treasurer violated 2 U.S.C. §§ 441a(f) and 441b and 11 C.F.R. § 106.5(b) by overallocating the non-federal shares of transfers made to the Michigan State Democratic Central Committee ("MDP") for certain generic voter drive activity undertaken in Michigan in October and November, 1994. Specifically, by means of these transfers the DNC paid for the placement of television advertisements entitled

<sup>1</sup> The treasurer of the DNC at the time of the Commission's reason to believe determination was R. Scott Pastrick. On January 29, 1997, the DNC notified the Commission that Carol Pensky had been selected as its new treasurer.

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"Deal" in Michigan, and allocated 22% of the transfers to its federal account and 78% to its non-federal account. This allocation differed from the 60% federal / 40% non-federal allocation formula mandated by 11 C.F.R. §106.5(b)(2)(ii) for generic voter drives undertaken by national party committees in non-presidential years. The 22% / 78% allocation used by the DNC reflected the MDP's own, appropriate allocation formula as per the "ballot composition method" sanctioned by the Commission's regulations for use by state party committees. 11 C.F.R. § 106.5(d)(1). The MDP received the funds from the DNC's federal and non-federal accounts and immediately paid the vendor out of its own accounts.

The Commission also found reason to believe that the DNC violated 11 C.F.R. § 106.5(g)(1)(i) by making the above-cited 1994 transfers to the MDP from both its federal and its non-federal accounts, rather than solely from its federal accounts with subsequent reimbursements by its non-federal accounts.

**B. 2 U.S.C. §§ 441a and 441b, and 11 C.F.R. § 106.5(b)**

**1. The Law**

2 U.S.C. § 441a(a)(1)(B) and (C) limit to \$20,000 the amount which any person may contribute to a political committee established by a national political party and to \$15,000 the amount which a multicandidate committee may contribute to the same party committee. 2 U.S.C. § 441a(f) prohibits political committees from accepting contributions or making expenditures in violation of the statutory limitations. 2 U.S.C. § 441b prohibits political committees from making or accepting contributions which contain corporate or labor union funds.

11 C.F.R. § 102.5(a)(1) requires that political committees which make expenditures "in connection with both federal and non-federal elections" either establish separate federal and

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non-federal accounts or set up a single account "which receives only contributions subject to the limitations and prohibitions of the [Federal Election Campaign] Act." If separate federal and non-federal accounts are established, all expenditures made in connection with federal elections must be made from the federal account.

11 C.F.R. § 106.5(a)(1) requires that party committees which make expenditures in connection with both federal and non-federal elections either use only permissible funds to make such expenditures or establish separate federal and non-federal accounts pursuant to 11 C.F.R. § 102.5. If separate accounts are used, expenditures for shared federal and non-federal activity must be allocated between these accounts, and the committee must pay "the entire amount of an allocable expense from its federal account and [then] transfer funds from its non-federal account to its federal account solely to cover the non-federal share of that allocable expense." 11 C.F.R. § 106.5(g)(1)(i).

Pursuant to 11 C.F.R. § 106.1(e), party committees that make disbursements for certain specific categories of activities undertaken in connection with both federal and non-federal elections must allocate those expenses between federal and non-federal accounts in accordance with the rules at 11 C.F.R. § 106.5. These categories include administrative expenses, fundraising costs, the costs of certain activities which are exempt from the definitions of "contribution" and "expenditure," and the costs of generic voter drives. 11 C.F.R. § 106.5(a)(2)(i-iv). "Generic voter drives" include activities which "urge the general public to register, vote or support candidates of a particular party or associated with a particular issue, without mentioning a specific candidate." 11 C.F.R. § 106.5(a)(2)(iv).

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Generally, state party committees using separate federal and non-federal accounts must allocate the costs of the above categories of expenses, including generic voter drives, using the "ballot composition method." 11 C.F.R. § 106.5(d). National party committees, other than Senate or House campaign committees, must allocate the costs of generic voter drives according to fixed percentages; in non-presidential election years the fixed amount for the federal account's share is at least 60%. 11 C.F.R. § 106.5(b)(2)(ii).

## 2. Analysis

### i. Placement of "Deal" Advertisements in Michigan

The major issue in this matter is whether the DNC, while fulfilling its intentions regarding use of its own funds, should have been able to acquire a more favorable allocation ratio by making expenditures indirectly through a state party committee, rather than directly to the vendor. To permit the DNC to do so would be to render the allocation regulations meaningless.

In its response to the Commission's reason to believe determinations, the DNC presents several arguments in support of its position that the MDP 1994 allocation ratio of 22% federal / 78% non-federal applied to the transfers at issue. First, the DNC argues that the expenditures for placement of the "Deal" advertisements with Michigan television stations were made by the MDP, not the DNC, and, therefore, were subject to the generic voter drive allocation prescribed by the Commission's regulations for state party committees. The DNC distinguishes "transfers" from "disbursements" and asserts that only disbursements are subject to the regulations' allocation formulas at Section 106.5. The DNC rejects any limitations on national party transfers to state party committees in support of generic voter drive activity, and argues that neither the

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source of the funds used for such activity nor the intent of that source is relevant to the allocation ratio to be applied to expenditures for such activity.

Respondents' reliance upon a perceived distinction between "disbursements" and "transfers" for purposes of the applicability of the allocation rules is without merit. Transfers are simply one category of disbursements expressly addressed by 2 U.S.C. § 434(b)(4), others being operating expenditures, contributions to candidates and committees, independent expenditures, loan repayments, refunds, etc. 2 U.S.C. § 434(b)(4)(G), expressly cited by counsel as one of the bases for differing treatment of transfers and disbursements, requires the reporting by "an authorized committee" of "any other disbursements" not otherwise covered by Section 434(b)(4). (Emphasis added.) Section 434(b)(4)(G) is not, therefore, in fact applicable to state party committees. In any event, transfers are one of several forms of disbursements pursuant to Section 434(b)(4) and thus are subject to the allocation regulations.

Further, Section 106.5(b)(2)(ii) applies to all allocable costs borne by the national party committee, whether or not that committee covers such costs directly or works through another entity such as a state party committee. While it is correct that the Federal Election Campaign Act permits unlimited transfers between national and state party committees, if a national party committee's transfers are made to meet the costs of specific generic voter drive activity, the transfers would come within the purview of Section 106.5(b)(2)(ii), and at least 60% of the transferred amounts would have to be taken from the national party's federal accounts. In the present matter, there is no doubt that, if the DNC had elected to pay directly for the placement of the "Deal" advertisement with television stations in Michigan, it would have had to allocate such expenditures on the basis of its own ratio of at least 60% federal / 40% non-federal, pursuant to

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Section 106.5(b)(2)(ii). Because the DNC supplied the funds used by the MDP to place the "Deal" advertisements, the DNC's own allocation ratio should have been applied to the money transferred for this purpose.

The DNC also asserts that its status as the source of the monies used by the MDP to purchase the advertisements at issue, and its intent that the monies be so used, are irrelevant to the allocation ratio to be applied to such purchases. In support of this position, the DNC cites MUR 3204 and, in particular, the Statement of Reasons issued by Commissioners Aikens and Elliott because of their votes in opposition to recommendations of the Office of General Counsel that the Commission, inter alia, find probable cause to believe the National Republican Senatorial Committee ("the NRSC") had violated the Federal Election Campaign Act.

MUR 3204 involved in part the issue of whether transfers made by the NRSC to the MRP in 1988 were used by the latter to finance mailings or other activities on behalf of a federal candidate, thereby causing the NRSC to exceed its coordinated party expenditure limitation at 2 U.S.C. § 441a(d). The respondents in that matter asserted that the state party activities in question fell within the volunteer exemption to the definitions of "contribution" and "expenditure" at 2 U.S.C. §§ 431(8)(B)(x) and 431(9)(B)(viii) and 11 C.F.R. §§ 100.7(b)(15) and 100.8(b)(16), and also that the NRSC transfers had been utilized for other purposes, not for the mailings at issue. In the latter regard the MRP was unable to produce records showing that it had had sufficient non-national party funds in its accounts to cover the costs of the activities in question. In order to establish the extent to which it would not have been possible for the MRP to finance the subject mailings during the 1988 election cycle without transfers of NRSC funds, the Commission undertook an audit of the state party's reports of expenditures during the

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relevant period, using two modified FIFO analyses. Three Commissioners ultimately agreed with the Office of the General Counsel that there was sufficient information in hand to show that the NRSC had intended all of the amount transferred to the MRP to be used for the mailings in question. The dissenting Commissioners found that only the portion of national party funds identified by the audit as needed by the MRP to pay for the mailings should be deemed to have been expended for that purpose.

In the present matter, the DNC argues that the situation addressed in MUR 3204 is "analogous" to the one presented by the DNC's transfers to the MDP in 1994, and that "[a] fundamental assumption" of the FIFO approach used in the earlier matter is that "any external factors, such as the intent or purpose, of any national transfers involved are irrelevant." In fact, however, the two matters are not analogous because the factual situation in the present matter is much clearer than that in MUR 3204. Unlike the MRP and the NRSC, the DNC has never denied its intent that all of the transfers to the MDP were to be used to place the "Deal" advertisement. In response to the complaint, the DNC stated: "The DNC transferred to the Michigan Democratic Party sufficient funds to pay for television time to broadcast the advertisement." Later, in response to the Commission's finding of reason to believe, the DNC stated that it had "transferred funds to the MDP, an affiliated party committee, sufficient to cover the cost of buying air time for the ad . . . ." Therefore, in the present matter a FIFO analysis of the subsequent state party payments to the vendor is not needed to determine that the national party committee's transfers were used for placement of the advertisements.<sup>2</sup>

<sup>2</sup> In MUR 3204 the dissenting Commissioners were "a controlling group" only for purposes of the Commission's decision to close the matter once motions in favor of finding probable cause to believe had failed to achieve four votes. When the complainants filed suit in U.S. District Court, pursuant to 2 U.S.C. § 437g(a)(8), the District Court, in upholding the Commission's closure of

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The DNC argues further that to require an inquiry into the intent of a national party each time it transfers funds to a state party committee would be "extraordinarily burdensome in practice, and thus insufficiently tailored to pass constitutional muster." Again, however, it must be emphasized that in the present matter no such inquiry into intent is required, and thus no burden imposed. The purpose of the DNC in making the transfers to the MDP is already known.

More generally, it is important to stress that the allocation ratios assigned to national and state party committees by the Commission's regulations are specific and are applicable to particular categories of expenditures. To deny the relevance of intent in determining whether ratios have been properly applied would not only render the ratios themselves meaningless, but also blur distinctions among different types of expenditures, thereby further undermining the regulatory scheme.

The DNC also cites MUR 2703 and what the DNC deems to be that enforcement matter's "bright line test." According to this "test," if a national party transfers funds to a state party and the state party then pays a vendor, the state party should appear in any disclaimer as the payor.

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(Footnote 2 continued)

the part of the enforcement matter related to the mailings, cited the "Revised Statement of Reasons" filed by the dissenters, and stated:

Both the plurality and Commissioners Aiken [sic] and Elliott offered reasoned explanations for their differing interpretations of 11 C.F.R. § 106.1(c). As the Court cannot say that either determination is plainly erroneous or inconsistent with the regulation, the Court defers to the agency's decision to dismiss this claim as to the NRSC.

Common Cause and John K. Addy v. FEC, Nos. 94-2104(NHJ) and 94-2112 (D.D.C. Mar. 29, 1996), appeal dismissed for want of jurisdiction, 2 Fed. Elec. Camp. Fin. Guide (CCH) § 9411 (D.C. Cir. 1997).

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As "a party to MUR 2703," the DNC argues that it relied upon the Commission's determination in that matter with regard to its transfers to the MDP in 1994.

The DNC's reliance upon MUR 2703 in the present matter is misplaced. MUR 2703 involved coordinated, non-allocable party expenditures made by a national party committee in cooperation with a state party committee, and focused in particular upon the identification of the actual payor for reporting and disclaimer purposes.<sup>3</sup> The present matter involves the correct federal / non-federal allocation formula to be applied to transfers made by a national party committee to a state party committee for a particular and identified allocable activity. The disposition of those transfers by the state party once received and the language of the disclaimer on advertisements paid for by the state party with transferred funds are not here at issue.<sup>4</sup>

<sup>3</sup> MUR 2703 addressed the DNC's provision in 1988 of funds for purposes of placing on Texas stations television advertisements which opposed the election of George Bush as President. The advertisements had been produced by the Texas Democratic Party ("TDP"). Although the DNC delegated to the TDP a portion of the DNC's authority to make coordinated party expenditures pursuant to 2 U.S.C. § 441a(d), partly for the purpose of placing the advertisements in question, the DNC actually paid the placement agency directly by permitting the agency to use DNC funds already on deposit. (The recitation of facts on page 8 of the DNC's response in the present matter is mistaken in this regard.) In MUR 2703 the DNC reported the placement costs as in-kind contributions to the TDP, while the TDP reported them as in-kind receipts, as a disbursement to the vendor, and as coordinated party expenditures by a designated agent of the DNC. The disclaimer on the advertisements incorrectly stated that they had been paid for by the TDP.

The conciliation agreements into which the Commission entered with the DNC and the TDP contained admissions that the DNC had misreported its payments as in-kind contributions to the TDP and had failed to include a correct and complete disclaimer on the advertisements, and that the TDP had misreported the expenditures for the advertisements as in-kind contributions and coordinated party expenditures.

<sup>4</sup> The disclaimer contained in the videotape of the "Deal" advertisement provided to this Office by the DNC at the request of the MDP states: "Paid for by the Democratic National Committee." The DNC's written response to the Commission's reason to believe finding states that "[t]he advertisements carried the disclaimer, 'Paid for by the Michigan Democratic Party'."

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The DNC has confirmed that it transferred funds to the MDP so that the MDP could place the "Deal" advertisements. The DNC itself has deemed this buying of air time to have been generic voter activity. The result is that, while the amount which the DNC could have transferred was unlimited and while the transferred funds, once in the MDP's account, became subject to the allocation ratio and disclaimer requirements of the state party, the actual transfers from the DNC funds were subject to the allocation formula at 11 C.F.R. 106.5(b)(2)(ii) pertaining to national party committees. However, rather than apply the 60% federal / 40% non-federal formula required by the Commission's regulations, the DNC used the MDP's own allocation formula which permitted 78% of the payment to the media buyer to be made with non-federal funds. Thus, the DNC utilized 38% more in funds from its non-federal accounts than was permitted by its own applicable ratio.<sup>5</sup>

Statutes and regulations should be construed "to give effect 'to all provisions, so that no part will be inoperative or superfluous, void or insignificant.'" Nehmer v. United States Veterans Administration, 712 F. Supp. 1404, 1421 (N.D. Cal. 1989) (quoting 2A Sutherland Statutory Construction § 46.06 (4th ed.).

As stated above, the Commission's regulations require that in non-presidential election years national party committees allocate a fixed 60% or more of their generic voter drive costs to their federal accounts, while state party committees are assigned a different allocation formula. 11 C.F.R. § 106.5(b)(2)(ii) and (d)(1)(i). Thus, the Commission's regulations establish given and separate allocation ratios for national

<sup>5</sup> Counsel for Respondents also discusses at some length the transfer of funds by national party committees to state parties to pay salaries of state executive directors, stating a presumption "that these funds are transferred and expended along the recipient state party's allocation ratio." Because the payment of salaries is outside the scope of the present matter, this Brief does not address the appropriateness of the allocations described by counsel.

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party committees and for state party committees. In order "to give effect" to the provision related to national party committees, the ratio established therein must be deemed immutable and not subject to manipulation, as it would be if a national party committee could channel its expenditures through a state party committee in order to adopt as its own the state party committee's more favorable allocation ratio.

According to information and documents provided by the DNC, its 1994 transfers to the MDP for purposes of placing the "Deal" advertisement were as follows:

<u>Federal Accounts</u>		<u>Non-Federal Accounts</u>	
10/12	\$ 35,970	10/24	\$ 127,530
10/24	14,273	10/24	50,603
10/24	15,043	10/24	53,336
10/28	37,648		0
11/1	<u>11,206</u>	11/1	<u>173,207</u>
	\$ 114,140		\$ 404,676

The totals of \$114,140 federal and \$404,676 non-federal result in a ratio of 22% federal and 78% non-federal. The 60% / 40% ratio required by the regulations would have resulted in total payment allocations of \$311,289 federal and \$207,526 non-federal. Thus, the DNC made excessive payments from its non-federal accounts to the MDP totaling \$197,150 (\$404,676 - \$207,526). This Office is prepared to recommend that the Commission find probable cause to believe that the Democratic National Committee and Carol Pensky, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441b and 11 C.F.R. § 106.5(b).

**ii. Transfers for Coordinated Party Activities in States other than Michigan**

Documents furnished by the DNC in response to a Commission subpoena in the present matter have revealed that the DNC also transferred funds totaling \$1,495,610 in 1994 to ten

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additional Democratic state party committees for media time buys involving the "Deal" advertisement and at least three other advertisements entitled "Go Back," "Return," and "Marching Orders." The receipt of these sums by these state party committees has been verified via reports filed with the Commission covering the relevant time periods. The following chart demonstrates by state and dates the transfer totals, the amounts sent from the DNC's federal and non-federal accounts and the percentages for each, and the totals by which the amounts spent out of the DNC's non-federal accounts exceeded the ratio (60% federal / 40% non-federal) which should have been applied.

<u>Dates of Transfers</u>	<u>Total DNC Payment</u>	<u>Federal Acc't. (%)</u>	<u>Non-Federal Acc't (%)</u>	<u>Non-Federal Limit (40%)</u>	<u>Non-Federal Excessive</u>
<b>Arizona</b>					
10/12	\$109,500	\$31,755 (29%)	\$77,745 (71%)	\$43,800	\$33,945
11/1	<u>46,485</u>	<u>10,227 (22%)</u>	<u>36,258 (78%)</u>	<u>18,594</u>	<u>17,664</u>
Totals	\$155,985	\$41,982 (27%)	\$114,003 (73%)	\$62,394	\$51,609
<b>Delaware</b>					
10/27	\$ 25,000	\$ 6,250 (25%)	\$ 18,750 (75%)	\$ 10,000	\$ 8,750
<b>Iowa</b>					
10/12	\$ 17,250	\$ 2,156 (12.5%)	\$ 15,094 (87.5%)	\$ 6,900	\$ 8,194
10/12	17,250	2,156 (12.5%)	15,094 (87.5%)	6,900	8,194
10/24	17,250	2,156 (12.5%)	15,094 (87.5%)	6,900	8,194
10/28	<u>17,250</u>	<u>2,156 (12.5%)</u>	<u>15,094 (87.5%)</u>	<u>6,900</u>	<u>8,194</u>
Totals	\$ 69,000	\$ 8,624 (12.5%)	\$ 60,376 (87.5%)	\$ 27,600	\$ 32,776

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<u>Dates of Transfers</u>	<u>Total DNC Payment</u>	<u>Federal Acc't. (%)</u>	<u>Non-Federal Acc't (%)</u>	<u>Non-Federal Limit (40%)</u>	<u>Non-Federal Excessive</u>
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**Maine**

10/12	\$ 40,500	\$ 11,745 (29%)	\$ 28,755 (71%)	\$ 16,200	\$ 12,554
10/24	20,250	5,873 (29%)	14,377 (71%)	8,100	6,277
10/27	<u>20,250</u>	<u>5,873 (29%)</u>	<u>14,377 (71%)</u>	<u>8,100</u>	<u>6,277</u>
Totals	\$ 81,000	\$ 23,491 (29%)	\$ 57,509 (71%)	\$ 32,400	\$ 25,108

**Minnesota**

10/12	\$116,250	\$ 29,063 (25%)	\$ 87,187 (75%)	\$ 46,500	\$ 40,687
10/24	58,125	14,531 (25%)	43,594 (75%)	23,250	20,344
10/27	<u>58,125</u>	<u>14,531 (25%)</u>	<u>43,594 (75%)</u>	<u>23,250</u>	<u>20,344</u>
Totals	\$232,500	\$ 58,125 (25%)	\$174,375 (75%)	\$ 93,000	\$ 81,375

**Montana**

10/12	\$ 33,500	\$ 9,715 (29%)	\$ 23,785 (71%)	\$ 13,400	\$ 10,385
10/24	9,250	2,683 (29%)	6,567 (71%)	3,700	2,867
10/28	<u>14,275</u>	<u>4,133 (28%)</u>	<u>10,142 (72%)</u>	<u>5,710</u>	<u>4,432</u>
Totals	\$ 57,025	\$ 16,531 (29%)	\$ 40,494 (71%)	\$ 22,810	\$ 17,684

**Ohio**

10/12	\$ 72,750	\$ 16,005 (22%)	\$ 56,745 (78%)	\$ 29,100	\$ 27,645
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**Pennsylvania**

10/12	\$110,251	\$ 27,563 (25%)	\$ 82,688 (75%)	\$ 44,100	\$ 38,588
10/18	172,500	129,375 (75%)	43,125 (25%)	69,000	- 25,875
11/1	129,776	35,675 (27%)	94,101 (73%)	51,910	42,191
11/1 or 11/2	<u>48,473</u>	<u>18,445 (38%)</u>	<u>30,028 (62%)</u>	<u>19,389</u>	<u>10,639</u>
Totals	\$461,000	\$211,058 (45.8%)	\$249,942 (54.2%)	\$184,399	\$ 65,543

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<u>Dates of Transfers</u>	<u>Total DNC Payment</u>	<u>Federal Acc't. (%)</u>	<u>Non-Federal Acc't (%)</u>	<u>Non-Federal Limit (40%)</u>	<u>Non-Federal Excessive</u>
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Tennessee

10/28	\$ 46,175	\$ 17,085 (37%)	\$ 29,090 (63%)	\$ 18,470	\$ 10,620
11/1	<u>46,175</u>	<u>17,085</u> (37%)	<u>29,090</u> (63%)	<u>18,470</u>	<u>10,620</u>
Totals	\$ 92,350	\$ 34,170 (37%)	\$ 58,180 (63%)	\$ 36,940	\$ 21,240

Washington

10/12	\$249,000	\$ 82,665 (33%)	\$167,835 (67%)	\$ 99,600	\$ 68,235
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The DNC apparently made a total of \$399,695 in transfers from its non-federal accounts to the Democratic state party committees in the above-cited ten states which exceeded the committee's 40% limitation on the use of non-federal monies for allocable activities.<sup>6</sup> This Office is prepared to recommend that the Commission include this additional excessive amount in its findings of probable cause to believe that the DNC and its treasurer violated 2 U.S.C. §§ 441a(f) and 441b and 11 C.F.R. § 106.5(b).

C. 11 C.F.R. § 106.5(g)(1)(i)1. The Law

11 C.F.R. § 106.5(g)(1)(i) and (ii) require that expenditures for joint federal and non-federal activity must either be paid from a federal account or from a separate allocation account, with any non-federal shares to be then reimbursed from non-federal accounts

<sup>6</sup> \$51,609 + \$8,750 + \$32,776 + \$25,108 + \$81,375 + \$17,684 + \$27,645 + \$65,543 + \$21,240 + \$68,235 = \$399,965.

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**2. Analysis**

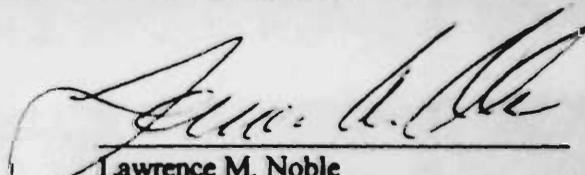
In 1994 the DNC made transfers to the MDP totaling \$114,140 from its federal accounts and \$404,676 directly from its non-federal accounts for purposes of financing the federal and non-federal portions of the costs of placing the "Deal" advertisement in Michigan. In addition, as is shown in the figures cited above on pages 10-12, the DNC made additional payments totaling \$998,209 directly from its non-federal accounts in 1994 to Democratic state party committees for the placement of the Deal and other advertisements in ten additional states, namely Arizona, Delaware, Iowa, Maine, Minnesota, Montana, Ohio, Pennsylvania, Tennessee, and Washington.<sup>7</sup>

Based upon this evidence of the use of non-federal DNC accounts to make direct transfers to state party committees for allocable activity, this Office is prepared to recommend that the Commission find probable cause to believe that the Democratic National Committee and Carol Pensky, as treasurer, violated 11 C.F.R. § 106.5(g)(1)(i).

**III. RECOMMENDATIONS**

1. Find probable cause to believe that the Democratic National Committee and Carol Pensky, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441b, and 11 C.F.R. § 106.5(b).
2. Find probable cause to believe that the Democratic National Committee and Carol Pensky, as treasurer, violated 11. C.F.R. § 106.5(g)(1)(i).

10/27/97  
Date

  
Lawrence M. Noble  
General Counsel

<sup>7</sup> \$114,003 + \$18,750 + \$60,376 + \$57,509 + \$174,375 + \$40,494 + \$56,745 + \$249,942 + \$58,180 + \$167,835 = \$998,209.

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# Democratic National Committee

Steve Grossman, *National Chair* • Governor Roy Romer, *General Chair*

October 31, 1997

By Hand

Office of the General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

Attention: Anne A. Weissenborn, Esq.

Re: MUR 4215

Dear Ms. Weissenborn:

The Democratic National Committee/DNC Services Corporation ("the DNC") and Carol Pensky, as Treasurer, are in receipt of your letter of October 27, 1997, regarding the above-referenced MUR, and enclosing the Office of General Counsel's brief recommending a finding of probable cause in the case.

On behalf of these respondents, we respectfully request an extension of twenty (20) days of the date by which the DNC will be required to file its reply to this brief. Currently, the DNC is in the process of producing documents in response to more than 23 subpoenas which have been served on the DNC by federal investigative agencies, Congressional committees and the FEC itself. In that regard, it should be noted that the DNC is voluntarily producing to the Commission,

more than 400,000 pages of documents which the DNC has produced to congressional committees, and is continuing its search for and production of these documents which will all be provided to the Commission as well as the congressional committees.

Complying with these document requests is absorbing a very extensive amount of time and resources, including time and resources of the DNC's office of General Counsel. For this reason, it will not be possible, as a practical matter, for the DNC to submit its response within 15 days of receiving the brief. For this reason, we request an extension of 20 days.

The DNC received the General Counsel's letter and brief on October 28, 1997. If our request for extension is granted, the DNC's reply would be due on Tuesday, December 2, 1997.

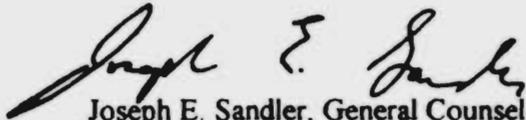
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Office of General Counsel  
Federal Election Commission  
October 31, 1997  
Page Two

Thank you very much for your time and attention to this request.

Sincerely yours,



Joseph E. Sandler, General Counsel  
Neii P. Reiff, Deputy General Counsel

Attorneys for DNC Services Corporation/Democratic National  
Committee and Carol Pensky, as Treasurer

cc: Carol Pensky

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

November 4, 1997

Joseph E. Sandler, General Counsel  
Neil P. Reiff, Deputy General Counsel  
Democratic National Committee/  
DNC Services Corporation  
430 S. Capitol Street, SE  
Washington, DC 20003

RE: MUR 4215  
Democratic National Committee/  
DNC Services Corporation  
Carol Pensky, as treasurer

Dear Mr. Sandler and Mr. Reiff:

This is in response to your letter dated October 31, 1997, which we received on October 31, 1997, requesting an extension of twenty days to respond to the General Counsel's Brief in the above-cited matter. 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 December 2, 1997.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Anne A. Weissenborn".

Anne A. Weissenborn  
Senior Attorney

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BEFORE THE  
FEDERAL ELECTION COMMISSION

\_\_\_\_\_)  
)  
In the Matter of )  
)  
DNC Services Corporation/ ) MUR 4215  
Democratic National Committee )  
and )  
Carol Pensky, as Treasurer )  
\_\_\_\_\_)

DEC 2 5 12 PM '97  
FEDERAL ELECTION COMMISSION  
OFFICE OF THE CLERK  
WASHINGTON, D.C. 20543

**RESPONSE TO GENERAL COUNSEL'S BRIEF**

This brief is submitted on behalf of Respondents DNC Services Corporation/Democratic National Committee ("DNC") and Carol Pensky, as Treasurer, in reply to the brief of the General Counsel, dated October 27, 1997, recommending that the Commission find probable cause to believe that the DNC violated the Federal Election Campaign Act of 1971, as amended (the "Act") and the Commission's regulations.

In 1994, eleven state Democratic Party committees paid for generic television advertising, with funding from the DNC. This funding consisted of transfers to each state party's federal account from the DNC's federal account and transfers of to each state party's non-federal account from the DNC's non-federal account. The General Counsel concedes--

- that this advertising constituted generic voter drive activity within the meaning of the Commission's regulations, 11 C.F.R. § 106.5;
- that the Act permits unlimited transfers of funds between national and state party committees; and
- that once the funds were in the accounts of the state parties, each of the state parties involved properly allocated the costs of the advertising between its federal and non-federal account, in accordance with section 106.5. (General Counsel Brief at 8, 10).

Further, the General Counsel does not dispute that each of the transfers of non-federal funds from the DNC's non-federal account to each state party was absolutely lawful under

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applicable state law.

Thus, it is undisputed that each of the transfers made by the DNC from its federal account to the federal account of each state party was lawful; that each of the transfers of non-federal funds was lawful; and that the state parties' payments for the advertising were also lawful and fully in accordance with the Commission's rules. Nevertheless, the General Counsel contends that these perfectly lawful steps were suddenly transformed into an illegal act because the DNC's "purpose" and "intent" in making these transfers were to fund the state parties' generic advertising. (General Counsel Brief at 7, 8). The General Counsel argues that, "if a national party's transfers are made to meet the costs of specific voter drive activity, the transfers would come within the purview of Section 106.5(b)(ii)," so that 60% of the total amount transferred would have to be paid for by the national party from its federal account. (*Id.* at 5). Thus, the General Counsel concludes, the DNC should have made 60% of the total amount of each transfer to each state party from the DNC's federal account, and the DNC's failure to do so was a violation of the Act and the Commission's rules.

The General Counsel's position is inconsistent with the law and could not conceivably be applied by the Commission in a fair, consistent or workable way. First, the General Counsel's position simply has no basis in the law or the Commission's rules, which clearly permit transfers of funds from a national party to a state party without limitation on amount or purpose. Nowhere do the statute or the Commission's rules authorize the Commission to treat separate transfers of federal and non-federal funds to a state party as a single "disbursement," magically and suddenly made subject to the allocation scheme because of the "purpose" or "intent" of the transfer.

Second, a rule requiring that each national party transfer of funds to a state party be allocated between the national party's federal and non-federal accounts based on the "purpose" or "intent" of the transfer could not conceivably be applied by the Commission in any fair, workable and consistent way. Such a requirement would demand that the national party, state party and Commission, in turn, determine the subjective intent of each national party transfer. This requirement would be impossible to apply where a single transfer is used by the state party for diverse purposes or the purpose of a transfer changes over time. The need for investigation of subjective intent of national party transfers to state parties would impose huge new burdens on

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party committees and the Commission, and would inevitably lead to unfair and inconsistent results. And to suggest, as the General Counsel does, that these considerations pose no obstacle in this case because the DNC's intent in this case is "known," (General Counsel Brief at 8), is nonsensical. Manifestly the Commission cannot have one rule in effect where a national party's "intent" is ascertainable and another where it is not, nor would the Commission be free to invent a new rule of general application in this case and simply ignore it in future cases where the question of intent may be far more troublesome.

Finally, the General Counsel argues that its position is necessary in order to give effect to the Commission's establishment of separate allocation ratios for national and state party committees. Even if these policy concerns justified creation of a new rule requiring allocation of national party transfers, and even if a lawful and workable new rule could be devised, it should not be applied retroactively in this case. If the Commission wishes to address the General Counsel's policy concerns, it should institute a rulemaking proceeding to address the complex issues raised by applying different ratios to national party transfers based on the national party's intent.

The conduct of the DNC and the state Democratic parties in the funding of the generic voter drive activity at issue in this MUR clearly conformed with the law and the Commission's existing regulations. For this reason, the Commission should find that there is no probable cause to believe that the DNC violated the Act or the Commission's regulations.

#### **I. The General Counsel's Position Has No Basis In the Law**

The DNC's conduct at issue in this MUR consisted of a series of transfers of funds from the DNC's federal account to the federal accounts of state parties and from the DNC's non-federal accounts to the non-federal accounts of those state parties. Each transfer of non-federal funds from the DNC to a state party was governed by state law and fully complied with the applicable state law. The General Counsel does not contend otherwise. Each transfer by the DNC of funds from the DNC's federal account to the federal account of a state party was likewise lawful. 2 U.S.C. § 441a(a)(4). And the General Counsel concedes that each state party lawfully paid for the costs of the generic advertising that it ran in accordance with its own allocation ratio,

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as prescribed by section 106.5 of the Commission's regulations. (General Counsel Brief at 10). How, then, do these perfectly lawful actions add up to a violation of the Act?

The essence of the General Counsel's position is that these acts, by a sort of perverse alchemy, were transformed into a violation because of the DNC's manifest "purpose" or "intent" in making the transfers, which was to fund a generic voter drive activity, i.e., the state party generic advertising. The fundamental problem with this reasoning is that it has no basis whatsoever in the law. Nothing in the Act or the Commission's regulations authorizes the Commission to restrict any transfer of non-federal funds from a national party to a state party, based on the purpose of the transfer. And nothing in the Act or the Commission's regulations authorizes the Commission to restrict any transfer of federal funds from a national party to a state party, based on the purpose of the transfer or anything else, with the sole exception of transfers for exempt activities.

Indeed, the Act explicitly provides that such transfers may be made without restriction, as to amount or purpose, except in the case of exempt activities. The Act, 2 U.S.C. § 441a(a)(4), provides that:

The limitations on contributions contained in paragraphs (1) and (2) [of section 441a(a)] do not apply to transfers between and among political committees which are national, State, district, or local committees (including any subordinate committee thereof) of the same political party.

It is highly significant that the Act imposes no restriction on the earmarking by national parties of transfers of federal funds to state parties, except in the case of exempt activities. In the 1979 amendments, the Congress indicated that campaign materials advocating the election of a federal candidate but purchased with national party funds should not qualify for the exemption from the definitions of "contribution" and "expenditure" that allows state party volunteers to distribute such materials. H. Rep. 96-422, 96th Cong., 1st Sess. 9 (1979). Based on this specific expression of congressional intent, the Commission adopted regulations providing that the exemptions for state party volunteer distribution of campaign materials and for state party voter registration and get out the vote activities are not available for activities funded by national party committees. See Amendments to Federal Election Campaign Act of 1971; Regulations Transmitted to Congress, Explanation and Justification, 45 Fed. Reg. 15080, 15082 (March 7,

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1980); 11 C.F.R. §§ 100.7(b)(15)(vii), 100.7(b)(17)(vii), 100.8(b)(16)(vii), 100.8(b)(18)(vii). Thus, when the Congress desired to restrict a national party's ability to transfer funds to a state party based on the state party's use of those funds, it said so clearly and unequivocally. **Except** in the case of funds transferred for exempt activities, however, **nothing** in the Act, its legislative history or the Commission's regulations in any way imposes or authorizes **any** restriction on the ability of a national party to transfer funds to a state party for any particular purpose, or with any particular "intent."

Further, even in the case of exempt activities, where the national party is restricted by law from transferring funds for use by a state party, the Commission has specifically ruled that the subjective intent of the national party is irrelevant. In MUR 3204, the Commission failed to find probable cause to believe that the Montana Republican Party violated the Act by using national party funds for volunteer-distributed campaign materials. Commissioners Aikens and Elliott, whose opinion was controlling in the case, insisted that an objective accounting analysis be used to determine the amount of national party funds actually used for this purpose, and rejected proof of the national party's subjective intent. These Commissioners believed that such an objective approach was necessary "to relieve[] the Commission from retroactively divining the purpose or designation behind a certain transfer." (Statement of Reasons by Commissioners Elliott and Aikens in MUR 3204 at 8 n. 14 (Sept. 14, 1994)). The General Counsel attempts to distinguish MUR 3204 by insisting that the issue of national party intent was contested in that case but conceded in this one. That distinction begs the question of whether national party intent should be relevant at all in determining whether and to what extent a transfer was impermissibly used. And in MUR 3204 the Commission held that intent should **not** be relevant. Thus does the General Counsel's analysis, based entirely on subjective intent, fly in the face of Commission precedent.

Finally, there is no authority whatsoever, in the Act or the Commission's rules, for the Commission to regulate any transfer of non-federal funds by a national party to a state party's non-federal account. Once non-federal funds are **spent** in a way that affects a federal election, of course the Commission may regulate that spending; that is the basis for the allocation scheme. The mere transfer of non-federal funds from a national party to a state party's non-federal account, however, is governed solely by state law; the Commission has no jurisdiction at all to

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regulate such a transfer, or to treat it, together with federal transfers, as part of a single "disbursement" subject to Commission regulation.

Under what circumstances is the Commission suddenly entitled to exercise such jurisdiction? Suppose a national party transfers federal funds to a state party and makes a non-federal transfer a year later--or a month later, or six months later, and the state party spends the federal and non-federal funds together for some activity subject to allocation under section 106.5, all as intended or desired by the national party. Can the Commission regard these transfers as a single "disbursement" by the national party? Or suppose the national party transfers only non-federal funds, in an amount sufficient to enable the state party to pay the non-federal share of an allocable activity, say generic voter registration, using its own federal funds to pay the federal share. Here too the national party could have paid the costs directly and has not spent its own federal money in the proportion it would have had it paid the costs directly. Is the non-federal transfer by the national party a "disbursement" subject to Commission regulation? The General Counsel offers no good answers to these questions, and there are none.

There is simply no basis, anywhere in the Act or the Commission's rules, for the General Counsel's newly-invented rule that separate national party transfers of funds from a federal account to a state party account, and from a non-federal account to a state party non-federal account, are part of a single disbursement subject to the Commission's allocation rules if the requisite "intent" or "purpose" is present.

**II. The General Counsel's Requirement for Allocation of National Party Transfers Would Be Completely Unworkable Because It Would Require a Determination of the Specific Intent of Each National Party Transfer**

The second fundamental problem with the General Counsel's made-up new requirement for allocation of national party transfers is that it would require a case by case determination of the intent of each transfer--a determination by the national party, by the state party and ultimately by the Commission, in the event of any dispute. Such a requirement could not conceivably be applied by the Commission in any fair or consistent way, because it would be completely unworkable and unmanageable.

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In the 1993-94 cycle, the DNC made approximately 500 separate transfers of funds to all 50 state party committees, totaling \$2,776,128 from the DNC's federal account and \$10,863,014 from its non-federal account. The RNC transferred \$5,527,447 to state parties from its federal account, and \$ 7,614,328 from its non-federal account. (FEC Press Release, "FEC Issues Final Report on Political Party Activity for 1993-94", page 6, and DNC FEC reports). In the 1995-96 cycle, the DNC made more than 1,000 separate transfers of funds to all 50 Democratic state party committees, totaling \$20,155,115 from its federal account and another \$ 54,193,497 from its non-federal account. The RNC transferred \$18,078,281 from its federal account and another \$48,218,708 from its non-federal account, to Republican state party committees. ("FEC Reports Major Increase in Party Activity for 1995-96," FEC Press Release March 19, 1997 at page 10, and DNC FEC reports).

The immutable logic of the General Counsel's position is that every one of these transfers would have to be analyzed, first, by the national party committee to determine if the transfer is "intended" to be used by the state party for a particular category of activity that is subject to allocation under section 106.5 of the regulations. Then, the state party would have to make the same determination of intent. Finally, these determinations would then become to post-hoc second guessing by the Commission, in case of any dispute.

Such a case by case determination and investigation of subjective intent is manifestly unworkable. Suppose that a national party and state party agree that funds transferred by the national party are to be used for a generic voter drive activity—say, voter registration. What happens if, as political circumstances evolve, the national and state parties then agree that the funds should be used for some other purpose, that is not allocable, or that is allocable on some other basis? Suppose the state party uses the transferred funds in a manner contrary to the initial understanding or agreement with the national party (which does indeed happen, in real life), and the actual use involves an activity with an allocation ratio different than that applicable to the intended activity. Which allocation ratio should apply to the national party transfer?

Suppose, similarly, that an official of the national party tells the state party the transferred funds are for one purpose, but another official tells the state party that they can be used for another purpose. Which allocation ratio should apply? How, and exactly when, should the

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national party determine its own "intent" in making the transfer--when the transfer is made, when the state party spends the funds, when the allocation window (60 days) closes, when the national party reports the transfer on its FEC report, or at some other time?

Moreover, the General Counsel's requirement that national party transfers be allocated, based on intent case by case, would be utterly impossible to follow where transfers are made for multiple purposes. Suppose the DNC wants to transfer federal and non-federal funds to a state party to be used in part for generic voter registration and in part for candidate-specific activity for a non-federal candidate. Does the DNC have to identify exactly what part of the transfer is to be used for each purpose? Suppose the actual costs vary--and the state party uses different portions of the funds for each of these two activities, or uses part for a third activity. How in the world is the DNC supposed to know how to allocate its own transfer of these funds? Is the DNC supposed to try to trace the actual use of every dollar transferred to the state party? If so, based on what accounting method? And by what time period--before the close of the allocation window, even though the state party may actually use the funds after that time period?

The General Counsel offers no answers to any of these questions. Without such answers, the need for determination and assignment of "intent" and/or "purpose" to each national party transfer would create total confusion and uncertainty among the national and state parties. That confusion and uncertainty would heavily burden the national and state party committees. Since national and state parties necessarily communicate, on an ongoing basis, about a myriad of political, strategic and other matters, including proposed state party activities for which some national party assistance may be appropriate, uncertainty about what national and state parties could say to each other would chill their own communication and coordination, directly infringing their constitutionally-protected right of association, including the right to organize and manage their internal affairs. See Eu v. San Francisco County Democratic Central Committee, 489 U.S. 214 (1989). Further, in every case where a question or dispute arises about the national party's allocation, or non-allocation, of a transfer to state parties, the Commission will be called upon to investigate the national and state parties' subjective intent--a hugely difficult and complex undertaking, which will also involve a serious intrusion into the parties' internal communications (e.g., depositions and subpoenas about which party officials said what to other party officials

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about financial help with various state party projects), further burdening the parties' right of association. The inevitable need for a multitude of such investigations will also impose an enormous burden on the Commission's enforcement resources, and will necessarily lead to inconsistent and unfair results as the Commission reaches different conclusions in identical situations based on vague and shifting evidence of "intent" and "purpose."

Finally, the General Counsel suggests that all of these concerns about determining the intent of transfers are unwarranted, because "in the present matter no such inquiry into intent is required. . . . The purpose of the DNC in making the transfers to the MDP is already known." (General Counsel Brief at 8). That suggestion is absurd. Are the national parties supposed to follow one rule when they think the Commission "knows" their intent and another rule where they suspect the Commission may not be privy to such information?

The rule advocated by the General Counsel--i.e., that national party transfers should be allocated between federal and non-federal accounts based on the intent or purpose of the transfer--is one of general application, by its nature. The Commission would not be free simply to ignore this rule, first articulated in this adjudication, in future cases without a good explanation for doing so. See, e.g. Motor Vehicle Manufacturers Association v. State Farm Mutual Automobile Ins. Co., 463 U.S. 29, 57 (1983); International Union, United Automobile, Aerospace Workers v. NLRB, 802 F.2d 969, 973 (7th Cir. 1986) ("administrative agency is not allowed to change direction without some explanation of what it is doing and why"); Int'l Ass'n of Bridge Workers v. NLRB, 792 F.2d 241, 247-48 (D.C. Cir. 1986). And the Commission is clearly not prepared to apply this new rule in future cases--nor is the regulated community prepared to follow it. If the rule is to be generally applied, the national parties, state parties and the Commission will be confronted, in every case of a national party transfer, with all of the problems explained above of determining the "intent" of the transfer.

These problems are insurmountable. For this reason, the General Counsel's proposed rule, which in any event has no legal foundation, also simply makes no sense.

**III. If the Commission Desires to Impose a New Rule Restricting National Party Transfers, It Should Institute a Rulemaking Rather Than Apply the New Rule Retrospectively**

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**A. The New Rule Should Not be Applied Retroactively**

The General Counsel insists that its new rule requiring allocation of national party transfers is necessary in order to "give effect" to the Commission's allocation rules establishing separate allocation ratios for national and state party committees. (General Counsel Brief at 10-11). The General Counsel expresses understandable concern that, in the absence of such a rule, a national party could "manipulate" its own ratio by "channel[ing] its expenditures through a state party committee." (*Id.* at 11).

These policy concerns simply do not justify the invention of a new rule which has no basis in the Act or the Commission's existing regulations, and which is impossible to apply in any practical, fair and consistent way. Even if a lawful and workable rule could be devised in the context of this adjudication, however, it should not be applied retroactively so as to find the DNC in violation of the Act in this case. While administrative agencies are free to develop new rules in the course of a particular adjudication, the question of whether the new rule should be applied retroactively, to that particular case, is one that requires a careful balancing of the burden of retroactivity against the policy imperative of implementing the new rule retroactively. SEC v. Chenery Corporation, 332 U.S. 194 (1947). Among the factors to be considered are:

- (1) whether the particular case is one of first impression, (2) whether the new rule represents an abrupt departure from well established practice or merely attempts to fill a void in an unsettled area of law, (3) the extent to which the party against whom the new rule is applied relied on the former rule, (4) the degree of burden which a retroactive order imposes on a party, and (5) the statutory interest in applying a new rule despite the reliance of a party on the old standard.

**Retail Wholesale and Dept. Store Union v. NLRB, 466 F.2d 380, 390 (D.C. Cir. 1972).**

In this case, the question of requiring national parties to allocate transfers under section 106.5 is clearly one of first impression. It represents an abrupt departure from established practice; to our knowledge, no national party has ever before been required to allocate transfers of federal and non-federal funds to a state party committee. The DNC (and presumably the RNC) have relied on the existing Commission rules, which nowhere require or hint at any need for allocation of transfers to state parties. Retroactive application of the General Counsel's proposed new rule—even if it could somehow be made lawful and workable, which is dubious—would open

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up thousands of prior national party transfers to scrutiny and possible findings of violations, imposing an enormous burden on the national party committees. Finally, there is no substantial statutory interest in applying this rule to prior transactions, given that every step followed by the DNC and the state parties in making the transfers at issue complied fully with the Act and the existing Commission rules. For these reasons, even if the Commission could somehow fashion a lawful and workable new rule in this adjudication, it should not apply that rule retroactively in this case.

**B. If the Commission Desires to Adopt a New Rule Requiring Allocation of National Party Transfers, It Should Proceed By Rulemaking**

The policy concerns raised by the General Counsel--potential "manipulation" and "evasion"-- are inherent in any allocation scheme that imposes separate ratios on national and state party committees. By law, national parties are allowed to transfer funds to their state parties without limit. They are, and must be, allowed to fund selected activities of state party committees in whole or in part if they are to fulfill their mission of promoting the Party and its candidates. These activities will vary widely in nature. The RNC has long funded the hiring of executive directors by its state parties. The DNC has assisted state parties with development of voter files and technology, and provides substantial funding to numerous state parties each election cycle for a program of activities designed to register and turn out Democratic voters. These activities are ones the state parties want to undertake. Each state party pays for these activities based on the Commission's allocation rules applicable to state parties.

The generic advertising run by the 11 state Democratic parties in 1994 was no different. The DNC provided funding. Each state party decided to run the advertisement, to take responsibility for it, and to run the advertisement under its own disclaimer. Each state party paid the costs of the advertising based on its own allocation ratio. The General Counsel concedes that the allocation of these payments was fully in accord with the Commission's regulations.

The General Counsel points out that, "if the DNC had elected to pay directly for the placement of" the generic advertising in Michigan, "it would have had to allocate such expenditures on the basis of its own ration of at least 60% federal/40% non-federal. . . ." It is

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also true that if pigs could fly, they might be ducks. In fact the DNC did not pay these costs directly. And the DNC provides tens of millions of dollars of funding to state parties for many activities, any number of which the DNC could "elect" to pay for directly.

Thus, the General Counsel's policy concerns are ones inherent in the existing scheme and are appropriately addressed by considering modification of that scheme. If the Commission wishes to address those policy concerns, it should do so in a way that allows all of the highly complex issues involved the issues to be fully addressed and that is suitable for a rule of future general application. The proper means to do this is through a rulemaking. While it is highly uncertain that any rule could be fashioned that would be consistent with the Act and the scope of the Commission's authority, at least a rulemaking would afford an appropriate forum for exploring the relevant issues and giving all party committees and opportunity to be heard on a matter which would greatly complicate and burden their operations. What would not be proper is for the Commission to adopt the new rule proposed by the General Counsel's office in this case, retroactively, without legal authority of any kind, and without any answers to the myriad questions and complexities it would create.

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**CONCLUSION**

For the reasons set forth above, the Commission should find no probable cause to believe that Respondents DNC Services Corporation/Democratic National Committee and Carol Pensky, as Treasurer, violated the Act or the Commission's regulations.

Respectfully submitted,



Joseph E. Sandler, General Counsel  
Neil P. Reiff, Deputy General Counsel  
Democratic National Committee  
430 S. Capitol Street, S.E.  
Washington, D.C. 20003  
(202) 863-7110

Attorneys for Respondents DNC Services Corporation/Democratic  
National Committee and Carol Pensky, as Treasurer

Dated: December 2, 1997

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BEFORE THE FEDERAL ELECTION COMMISSION

FEDERAL ELECTION COMMISSION

JAN 13 3 56 PM '90

In the Matter of )  
Michigan Democratic State Central Committee )  
Roger Winkelman, as treasurer )

MUR 4215

**SENSITIVE**

GENERAL COUNSEL'S REPORT

**I. BACKGROUND**

Attached is a conciliation agreement which has been signed by Mark Brewer, chairman of the Michigan Democratic State Central Committee ("the Committee").

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**II. RECOMMENDATIONS**

- 1. Accept the attached conciliation agreement with the Michigan Democratic State Central Committee and Roger Winkelman, as treasurer.
- 2. Close the file as to these respondents.
- 3. Approve the appropriate letter.

13/95  
Date

  
Lawrence M. Noble  
General Counsel

Attachment  
Conciliation agreement

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Michigan Democratic State Central Committee; ) MUR 4215  
Roger Winkelman, as treasurer. )

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on January 20, 1998, the Commission decided by a vote of 5-0 to take the following actions in MUR 4215:

1. Accept the conciliation agreement with the Michigan Democratic State Central Committee and Roger Winkelman, as treasurer, as recommended in the General Counsel's Report dated January 13, 1998.
2. Close the file as to these respondents.
3. Approve the appropriate letter, as recommended in the General Counsel's Report dated January 13, 1998.

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

Attest:

1-21-98  
Date

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

Received in the Secretariat: Tues., Jan. 13, 1998 3:56 p.m.  
Circulated to the Commission: Wed., Jan. 14, 1998 11:00 a.m.  
Deadline for vote: Tues., Jan. 20, 1998 4:00 p.m.

lrd

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

January 23, 1998

Mark Brewer, Chairman  
Michigan Democratic State Central Committee  
606 Townsend  
Lansing, Michigan 48933

RE: MUR 4215  
Michigan Democratic State  
Central Committee  
Roger Winkelman, as treasurer

Dear Mr. Brewer:

On January 20, 1998, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on behalf of the Michigan Democratic State Central Committee and Roger Winkelman, as treasurer, ("the Committee"). The agreement and civil penalty are in settlement of violations of 2 U.S.C. § 434(b) and 11 C.F.R. §§ 106.5(g)(1)(i), 104.10(b)(1) and 104.10(b)(3), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act") and of the Commission's regulations. Accordingly, the file has been closed in this matter as it pertains to the Committee.

This matter will become public within 30 days after it has been closed with respect to all other respondents involved. Information derived in connection with any conciliation attempt will not become public without the written consent of the respondents 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.

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Mark Brewer, Chairman  
Michigan Democratic State  
Central Committee  
Page 2

Enclosed you will find a copy of the fully executed conciliation agreement for your files. Please note that the first installment of the civil penalty is due 30 days after the conciliation agreement's effective date. If you have any questions, please contact me at (202) 219-3400.

Sincerely,



Anne A. Weissenborn  
Senior Attorney

Enclosure  
Conciliation Agreement

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RECEIVED  
FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

**BEFORE THE FEDERAL ELECTION COMMISSION**

JAN 5 3 16 PM '98

In the Matter of )  
 )  
Michigan Democratic State Central Committee )  
Roger Winkelman, as treasurer )

MUR 4215

**CONCILIATION AGREEMENT**

This matter was initiated by a signed, sworn, and notarized complaint filed by the Michigan State Republican Committee on May 23, 1995. The Commission did not find that the Michigan Democratic State Central Committee and its treasurer ("Respondents") had violated the Federal Election Campaign Act on the bases alleged in the complaint. As the result, however, of a review of Respondents' 1994 Post-General Report and amendments thereof, plus information volunteered by the MDP in its response to the complaint concerning the accounts used to make certain allocable expenditures and the reporting of those expenditures, the Commission found reason to believe that Respondents violated 2 U.S.C. § 434(b) and 11 C.F.R. §§ 102.5, 106.5(g)(1)(i), 104.10(b)(1) and 104.10(b)(3).

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

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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. The Michigan Democratic State Central Committee is a political committee within the meaning of 2 U.S.C. § 431(4).

2. Roger Winkelman is the treasurer of the Michigan Democratic State Central Committee.

3. 11 C.F.R. § 102.5(a)(1) requires that political committees which make expenditures in connection with both federal and non-federal elections either establish separate federal and non-federal accounts or set up a single account "which receives only contributions subject to the limitations and prohibitions of the [Federal Election Campaign] Act." If separate federal and non-federal accounts are established, all expenditures made in connection with federal elections must be made from the federal account.

4. 11 C.F.R. § 106.5(a)(1) requires that party committees which make expenditures in connection with both federal and non-federal elections either use only permissible funds to make such expenditures or establish separate federal and non-federal accounts pursuant to 11 C.F.R. § 102.5. If separate accounts are used, expenditures for shared federal and non-federal activity must be allocated between these accounts, and the committee

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must pay "the entire amount of an allocable expense from its federal account and [then] transfer funds from its non-federal account to its federal account solely to cover the non-federal share of that allocable expense." 11 C.F.R. § 106.5(g)(1)(i).

5. Pursuant to 11 C.F.R. § 106.1(e), party committees which make disbursements for certain specific categories of activities undertaken in connection with both federal and non-federal elections must allocate those expenses in accordance with the rules at 11 C.F.R. § 106.5. These categories include, inter alia, the costs of generic voter drives. 11 C.F.R. § 106.5(a)(2)(i-iv). "Generic voter drives" include activities which "urge the general public to register, vote or support candidates of a particular party or associated with a particular issue, without mentioning a specific candidate." 11 C.F.R. § 106.5(a)(2)(iv).

6. Generally, state party committees using separate federal and non-federal accounts must allocate the costs of generic voter drives by using the "ballot composition method." 11 C.F.R. § 106.5(d)(2). During the 1993-94 election cycle, the ballot composition method appropriate to the Michigan Democratic State Central Committee's generic voter drive activities was 22% federal, 78% non-federal.

7. 2 U.S.C. § 434(b) requires that political committees report all transfers received and made, and disbursements made, during the reporting period. 11 C.F.R. § 104.10(b)(1) and (4) requires that political committees file reports itemizing allocated disbursements for generic voter drives and providing the totals spent on such activity.

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8. 11 C.F.R. § 104.10(b)(3) requires that political committees which allocate expenses between federal and non-federal activity report each transfer of funds from their non-federal to their federal accounts.

9. On November 1 and 2, 1994, Respondents made two sets of wire transfers totaling \$355,316, (\$170,903 and \$184,413), to a vendor, Grunewald, Eskew and Donilon ("Grunewald"), for generic voter drive activity. In its original 1994 Post-General Report, Respondents itemized these disbursements to Grunewald as \$16,741 federal, \$50,223 non-federal on November 1 and \$2,801.50 federal and \$8,404.50 non-federal on November 2, for a total of \$78,170. In an amended 1994 Post-General Report submitted on July 11, 1995, Respondents re-itemized the same November 1, 1994 disbursements as \$37,598.66 federal, \$133,304.34 non-federal and the November 2, 1994 disbursements as \$40,570.86 federal, \$143,842.16 non-federal, for a total of \$355,316. These amended figures represented the federal and non-federal percentages of 22%/78% established by application of the Commission's regulations; however, the actual wire transfers sent to Grunewald on November 1 involved \$66,964 from the MDP federal account and \$103,939 from the non-federal account, while those sent on November 2 were for \$11,206 from the federal account and \$173,207 from the non-federal account.

10. In the amended 1994 Post-General Report filed on July 11, 1995, Respondents addressed the November 1 and November 2, 1994 transactions cited in Section IV, 9, by itemizing them on a Schedule H-4 (Joint Federal /Non-Federal Activity Schedule) as payments to Grunewald allocated \$37,599 federal/\$133,304 non-federal and \$40,571 federal/\$143,842 non-federal; however, on a Schedule H-3 in the same report the non-

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federal portions of these payments were reported as transfers of \$103,939 and \$173,207 from a non-federal account to a federal account. These last figures totaling \$277,146 represented in fact not transfers from a non-federal account to a federal account, but the amounts of the two wire transfers made by Respondents from a non-federal account directly to Grunewald on the same dates.

V. By making \$277,146 in wire transfers directly to Grunewald from a non-federal account for non-federal portions of shared activity, Respondents violated 11 C.F.R. § 106.5(g)(1)(i).

VI. By reporting \$277,146 in transfers from a non-federal account to a federal account which did not in fact occur, Respondents violated 2 U.S.C. § 434(b) and 11 C.F.R. § 104.10(b)(3).

VII. By mis-reporting allocations of a total of \$355,316 in disbursements made to Grunewald on November 1 and 2, 1994, Respondents violated 11 C.F.R. § 104.10(b)(1).

VIII. Respondents will pay a civil penalty to the Federal Election Commission in the amount of Thirty-five Thousand Dollars (\$35,000), pursuant to 2 U.S.C. § 437g(a)(5)(A), such penalty to be paid as follows:

1. One initial payment of \$15,000 due thirty days after the date this agreement becomes effective;
2. Thereafter, beginning thirty days after the initial payment, two consecutive monthly payments of \$10,000 each.

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3. In the event that any installment payment is not received by the Commission by the fifth day after it becomes due, the Commission may, at its discretion, accelerate the remaining payment(s) and cause the entire amount to become due upon ten days written notice to Respondents. Failure by the Commission to accelerate the payments with regard to any overdue installment shall not be construed as a waiver of its right to do so with regard to future overdue installments.

IX. Respondents will file amended reports containing corrections of all reporting violations addressed in this agreement.

X. 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.

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

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

XIII. 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,

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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 (Signature)  
Lawrence M. Noble  
General Counsel

1/22/98  
Date

FOR THE RESPONDENTS:

Mark Bower, Chair  
(Name)  
(Position)

December 29, 1997  
Date

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to the general election in 1994 to be used for placement of a television advertisement which constituted generic voter drive activity, and allocated these transfers between its federal and non-federal accounts using the state party's allocation ratio as calculated pursuant to 11 C.F.R.

§ 106.5(d). The national party committee's own allocation ratio was a minimum of 60% federal / 40% non-federal as prescribed at 11 C.F.R. § 106.5(b). The subsequent investigation in this matter revealed that in 1994 the DNC made transfers to ten other state party committees for the same purpose and allocated these additional transfers using the state parties' allocation ratios.

If the DNC had employed a 60%/40% ratio in each case, its total transfers to the state party committees would have been allocated as follows:<sup>1</sup>

	<u>Total Transfers</u>	<u>Federal Shares</u>	<u>Non-Federal Shares</u>
Michigan	\$ 518,816	\$ 311,290	\$ 207,526
Arizona	155,985	93,591	62,394
Delaware	25,000	15,000	10,000
Iowa	69,000	41,400	27,600
Maine	81,000	48,600	32,400
Minnesota	232,500	139,500	93,000
Montana	57,025	34,215	22,810
Ohio	72,750	43,650	29,100
Pennsylvania	461,000	276,600	184,400
Tennessee	92,350	55,410	36,940
Washington	<u>249,000</u>	<u>149,400</u>	<u>99,600</u>
<b>Totals</b>	<b>\$ 2,014,426</b>	<b>\$ 1,208,656</b>	<b>\$ 805,770</b>

The DNC's transfers to the state party committees were in actuality allocated as follows:

	<u>Total Transfers</u>	<u>Federal Shares</u>	<u>Non-Federal Shares</u>
Michigan	\$ 518,816	\$ 114,140 (22%)	\$ 404,676 (78%)
Arizona	155,985	41,982 (27%)	114,003 (73%)

<sup>1</sup> See General Counsel's Brief, pages 12-14, for an itemization of these transfers.

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Delaware	25,000	6,250 (25%)	18,750 (75%)
Iowa	69,000	8,624 (12.5%)	60,376 (87.5%)
Maine	81,000	23,491 (29%)	57,509 (71%)
Minnesota	232,500	58,125 (25%)	174,375 (75%)
Montana	57,025	16,531 (29%)	40,494 (71%)
Ohio	72,750	16,005 (22%)	56,745 (78%)
Pennsylvania	461,000	211,058 (45.8%)	249,942 (54.2%)
Tennessee	92,350	34,170 (37%)	58,180 (63%)
Washington	<u>249,000</u>	<u>82,665 (33%)</u>	<u>167,835 (67%)</u>
<b>Totals</b>	<b>\$2,014,426</b>	<b>\$ 613,041</b>	<b>\$ 1,402,885</b>

The amounts by which the DNC exceeded a maximum of 40% from its non-federal accounts were:

	<u>Non-Federal Transfers</u>		<u>Non-Federal Shares Per Regulation</u>		<u>Excessive Amount</u>
Michigan	\$ 404,676	-	\$ 207,526	=	\$ 197,150
Arizona	114,003	-	62,394	=	51,609
Delaware	18,750	-	10,000	=	8,750
Iowa	60,376	-	27,600	=	32,776
Maine	57,509	-	32,400	=	25,109
Minnesota	174,375	-	93,000	=	81,375
Montana	40,494	-	22,810	=	17,684
Ohio	56,745	-	29,100	=	27,645
Pennsylvania	249,942	-	184,400	=	65,542
Tennessee	58,180	-	36,940	=	21,240
Washington	167,835	-	99,600	=	<u>68,235</u>
			<b>Total</b>		<b>\$ 597,115</b>

## 2. Response to General Counsel's Brief

The response filed on behalf of Respondents does not dispute the facts and dollar figures contained in the General Counsel's Brief; rather, counsel have focused on legal issues. First, counsel argue that there is no basis in law for requiring that national party transfers to state

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parties for generic voter drive activities be allocated according to the national party's ratio rather than that of the state party receiving the funds. According to counsel, the only restrictions on national party transfers to state parties arise in the area of exempt activities undertaken by a state party. They also assert that there is no authority in the statute or regulations for regulating transfers of non-federal national funds to state non-federal accounts.

The response refers again to the Statement of Reasons filed by Commissioners Elliott and Aikens in MUR 3204, stating that in this statement these Commissioners "rejected proof of the national party's subjective intent." Counsel then argue that a requirement to base allocation ratios for transfers on intent would be unworkable as one would need specific intent for each transfer. They state that the national party may not know how such monies will be used, that the state party may in fact use the transfers for something else, and that transfers may be used for multiple purposes.

Counsel also assert that, if the use of the national party's own ratio is to become a rule, this would require a rulemaking. Finally, they argue that such a rule should not be applied retroactively.

### 3. Analysis

11 C.F.R. § 102.5(a)(1) requires that political committees which make expenditures "in connection with both federal and non-federal elections" either establish separate federal and non-federal accounts or set up a single account "which receives only contributions subject to the limitations and prohibitions of the [Federal Election Campaign] Act." If separate federal and non-federal accounts are established, all expenditures made in connection with federal elections must be made from the federal accounts. 11 C.F.R. § 106.5(a)(1) requires that party committees

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which make expenditures in connection with both federal and non-federal elections either use only permissible funds to make the expenditures, or establish separate federal and non-federal accounts pursuant to 11 C.F.R. § 102.5.

11 C.F.R. § 106.5(b)(2)(ii) requires that, in non-presidential election years, national party committees allocate at least 60% of their expenditures for generic voter drive activity to their federal accounts. If less than this percentage is allocated to the federal account, thereby resulting in excessive payments from non-federal accounts, the result is that the committee will have used for federal purposes accounts containing monies which exceed the Act's contribution limitations at 2 U.S.C. § 441a or which are prohibited pursuant to 2 U.S.C. § 441b, resulting in violations of those statutory provisions.

In the present matter, the DNC in October, 1994, made payments directly to a vendor for the production of television advertisements to be used by state Democratic Parties, and reported those disbursements as generic voter drive expenditures. The DNC allocated these production costs using the minimum 60% federal / 40% non-federal ratio required by 11 C.F.R. § 106.5(b). One of these advertisements entitled "Deal" was placed with stations in Michigan, and the DNC has not denied that the same or similar advertisements ran during the same time period in the ten additional states cited in the General Counsel's Brief. In all eleven instances, the costs of placing these advertisements were met indirectly by the DNC; i.e., the DNC made transfers to the respective state Democratic Party committees, which in turn used the DNC funds to pay the television stations involved. The DNC reported its transfers as having been allocated according to the ratios of the respective recipient state party committees, ratios which in each instance allocated considerably more to non-federal activity than did the required national party ratio.

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The DNC has admitted that its transfers to the Michigan state party were made for purposes of placing the "Deal" advertisement at issue. The DNC has not denied that the transfers to the Democratic state party committees in the other ten states were also made for purposes of placing generic voter drive advertisements. Rather, Respondents assert that the national party's intent in making these transfers to the eleven state party committees is irrelevant to the issue of the appropriate allocation ratio; that there are no rules limiting transfers to state party committees beyond the prohibition against using national party monies for materials distributed through "exempt" volunteer state activity found at 11 C.F.R. § 100.7(b)(15);<sup>2</sup> and that, if there are to be allocation-related rules looking to the "intent" behind a transfer, these rules would need to apply to all transfers and thus would be "unworkable."<sup>3</sup> Counsel also assert that, if the Commission desires to impose a "new rule" restricting national party transfers, it should institute a rulemaking; in addition, any such new rule should not be applied retroactively.

Contrary to the arguments set forth by Respondents, there has in fact existed since 1991 a clear, general Commission rule with regard to the allocation of national party costs for generic voter drive activity in non-presidential years; thus, issues of a need for rule-making or of retroactivity do not arise in this regard. Pursuant to 11 C.F.R. § 106.5(b)(2)(ii), in non-

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<sup>2</sup> The prohibition on use of national party materials, or national party funds to purchase such materials, for state party volunteer activity is not the only restriction on transfers from national to state party committees. All such transfers are governed by 11 C.F.R. § 102.6(a)(iii) and (iv) which require that transfers between national and state party committees, while unlimited, be made only with funds which are permissible under the Act. Therefore, any transfers allocable wholly or in part to federal activity would come within this constraint.

<sup>3</sup> Examples given by Respondents of such unworkability include changes in the state party's use of transfers after they are made, with or without the national party's approval; differences in instructions given by two national party officials; the use of transfers for multiple purposes; and uncertainties as to the point in time at which the proper allocation figures would become final.

presidential years national party committees must allocate at least 60% of generic voter drive disbursements to their federal accounts. This rule applies to all disbursements; it does not differentiate between direct and indirect payments of expenses. Thus, the 60%/40% ratio applies to disbursements made directly by national party committees to vendors for such purposes, and to disbursements made indirectly for such purposes through third parties such as state party committees.

Nor is there any language in the regulations which differentiates between transfers and other disbursements when it comes to allocation. Transfers between party committees are simply another form of disbursement on the part of the transferring committees. 2 U.S.C. § 434(b)(4). Accordingly, while national party committees may make unlimited transfers to state party committees, pursuant to 11 C.F.R. § 102.6(a)(1)(ii), any such transfers which the national party committee knows will be used for generic voter drive activity must be allocated on a 60% federal / 40% non-federal basis. Transfers made by a national party to a state party for other purposes, or without a clear understanding of specific purposes, may be treated differently under other circumstances, but that is not the scenario before the Commission in this particular matter.

Counsel's statement that the regulations do not regulate transfers by a national party of non-federal funds to a state party committee's non-federal accounts is a correct one. However, the issue before the Commission in the present matter is the under-allocation of transfers/disbursements to the DNC's federal accounts and the consequent excessive use by the DNC of non-federal monies for shared federal/non-federal activity.

Counsel's arguments with regard to MUR 3204 and the Statement of Reasons issued by two Commissioners have been fully addressed in the General Counsel's Brief at pages 6-8.

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Contrary to Respondents' assertion, however, the Commission has not "specifically ruled that the subjective intent of the national party is irrelevant." Rather, in MUR 3204 the Commission was faced with a situation in which there was a dispute as to the intent of the national party in making transfers to a state party committee, and the state party committee was unable to produce records showing that it would have had sufficient non-national party funds in its own accounts to cover the costs of the activity involved. In light of these uncertainties, the Commission proceeded with an audit of the state party committee's expenditure reports. In the present matter, the intent of the DNC in making the subject transfers to the state party committees is not at issue. As is argued in the General Counsel's Brief, a general denial of the relevance of intent in determining whether or not allocation ratios have been correctly calculated would both render the ratios meaningless and blur the regulatory distinctions about different categories of expenditures.

Finally, the integrity of the Commission's allocation regulations is at stake. If a national party committee were to be permitted to change its allocation ratios, and thus its federal share of expenditures, at will by simply paying vendors indirectly through state party intermediaries, it would be able to totally circumvent its own allocation ratios and thereby virtually eliminate distinctions between federal and state committees.

#### **4. Recommendation**

This Office recommends that the Commission find probable cause to believe that the DNC Services Corporation/Democratic National Committee and Carol Pensky, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441b and 11 C.F.R. § 106.5(b) by making excessive allocations to, and thus excessive disbursements from, the DNC's non-federal accounts for generic voter drive activity, with the result that the non-federal accounts paid for federal shares totaling \$597,115.

**B. Transfers Directly from Non-Federal Accounts****1. Reason to Believe Determination and Investigation Results**

The Commission also found reason to believe that the DNC violated 11 C.F.R. § 106.5(g)(1)(i) by making transfers to the Michigan Democratic Party for allocable activity directly from its non-federal accounts, rather than making all transfers for such activity from its federal accounts with subsequent reimbursement of the non-federal portions. The investigation in this matter showed that the DNC had also made transfers for allocable activity directly from its non-federal accounts to the additional ten state Democratic party committees cited above at page 2.

**2. Response to General Counsel's Brief**

Counsel for the DNC did not address this violation in their response.

**3. Analysis**

The information regarding the apparent violation of 11 C.F.R. § 106.5(g)(1)(i) remains the same as that set out in the General Counsel's Brief.

**4. Recommendation**

This Office recommends that the Commission find probable cause to believe that the DNC Services Corporation/Democratic National Committee and Carol Pensky, as treasurer, violated 11 C.F.R. § 106.5(g)(1)(i) by making transfers totaling \$1,402,885 for allocable activity directly to state party committees from the DNC's non-federal account.

**C. Conciliation Agreement**

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**III. RECOMMENDATIONS**

1. Find probable cause to believe that the DNC Services Corporation/Democratic National Committee and Carol Pensky, as treasurer, violated 2 U.S.C. § 441a(f) and § 441b and 11 C.F.R. § 106.5(b).
2. Find probable cause to believe that the DNC Services Corporation/Democratic National Committee and Carol Pensky, as treasurer, violated 11 C.F.R. § 106.5(g)(1)(i).
3. Approve the attached proposed conciliation agreement and the appropriate letter.

11/2/07  
Date

  
Lawrence M. Noble  
General Counsel

**Attachment**  
**Proposed Conciliation Agreement**

**Staff Assigned: Anne A. Weissenborn**

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FEDERAL ELECTION COMMISSION  
Washington, DC 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE  
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/VENESHE FEREBEE-VINES  
COMMISSION SECRETARY

DATE: February 5, 1998

SUBJECT: MUR 4215 - General Counsel's Report  
dated January 29, 1998

(W7V)

The above-captioned document was circulated to the Commission  
on Friday, January 30, 1998.

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

- Commissioner Aikens —
- Commissioner Elliott —
- Commissioner McDonald **XXX**
- Commissioner McGarry —
- Commissioner Thomas **XXX**

This matter will be placed on the meeting agenda for  
Tuesday, February 10, 1998.

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

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 ) MUR 4215  
DNC Services Corporation/Democratic )  
National Committee; )  
Carol Pensky, as treasurer )

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on February 24, 1998, do hereby certify that the Commission decided by a vote of 5-0 to reject the recommendations in the General Counsel's January 29, 1998 report, and instead take the following actions in MUR 4215:

1. Find no probable cause to believe that the DNC Services Corporation/Democratic National Committee and Carol Pensky, as treasurer, violated 2 U.S.C. § 441a(f) and § 441b and 11 C.F.R. § 106.5(b).
2. Find no probable cause to believe that the DNC Services Corporation/Democratic National Committee and Carol Pensky, as treasurer, violated 11 C.F.R. § 106.5(g)(1)(i).
3. Approve appropriate letters.
4. Close the file.

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

Attest:

2-25-98  
Date

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

98043864774



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

March 10, 1998

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Eric E. Doster  
General Counsel  
Michigan Republican State Committee  
2121 East Grand River  
Lansing, Michigan 48912

Re: MUR 4215

Dear Mr. Doster:

This is in reference to the complaint you filed with the Federal Election Commission ("the Commission") on May 25, 1995, concerning funds transferred to the Michigan Democratic State Central Committee by the Democratic National Committee in 1994.

Based on your complaint, on November 6, 1996, the Commission found that there was reason to believe the Michigan Democratic State Central Committee and its treasurer violated U.S.C. §§ 441a(f) and 441b and 11 C.F.R. §§ 102.5, 104.10(b)(1), 106.5(d) and 106.5(g)(1)(i), provisions of the Federal Election Campaign Act of 1971, as amended, and of the Commission's regulations. On the same date the Commission also found that there was reason to believe that the DNC Services Corporation/Democratic National Committee and its treasurer violated 2 U.S.C. §§ 441a(f) and 441b and 11 C.F.R. §§ 106.5(b) and 106.5(g)(1)(i). An investigation of this matter was instituted. Later, on May 20, 1997, the Commission found reason to believe that the Michigan Democratic State Central Committee and its treasurer violated 2 U.S.C. § 434(b) and 11 C.F.R. § 104.10(b)(3).

On October 14, 1997, the Commission determined to take no further action with regard to violations of 2 U.S.C. §§ 441a(f) and 441b and of 11 C.F.R. §§ 102.5 and 106.5(d) by the Michigan Democratic State Central Committee. On January 20, 1998, a conciliation agreement with this Committee and its treasurer was accepted by the Commission with regard to the remaining violations. A copy of this agreement is enclosed for your information.

After an investigation was conducted, and the General Counsel's Brief and the Brief submitted by the DNC Services Corporation/Democratic National Committee were considered, the Commission, on February 24, 1998, found that there was no probable cause to believe that

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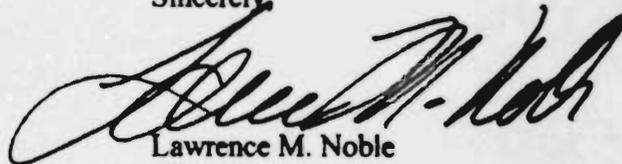
Eric E. Doster  
General Counsel  
Michigan Republican State Committee  
Page 2

this Committee violated 2 U.S.C. §§ 441a(f) and 441b and 11 C.F.R. §§ 106.5(b) and 106.5(g)(1)(i). Accordingly, the file in this matter was closed on February 24, 1998. A Statement of Reasons explaining this Commission decision will follow.

This matter will become part of the public record within 30 days. The Federal Election Campaign Act of 1971, as amended, allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a)(8).

If you have any questions, please contact Anne A. Weissenborn, the senior attorney assigned to this matter, at (202) 694-1650.

Sincerely,



Lawrence M. Noble  
General Counsel

Enclosures  
Conciliation Agreement  
General Counsel's Report

98043064776



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

March 10, 1998

Mark Brewer, Chair  
Michigan Democratic State Central Committee  
606 Townsend  
Lansing, Michigan 48933

RE: MUR 4215  
Michigan Democratic State Central  
Committee  
Roger Winkelman, as treasurer

Dear Mr. Brewer:

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) 694-1650 (new number).

Sincerely,

A handwritten signature in cursive script, appearing to read "Anne A. Weissenborn".

Anne A. Weissenborn  
Senior Attorney

9 8 0 4 3 8 6 4 7 7 7



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

March 10, 1998

Joseph E. Sandler  
General Counsel  
Democratic National Committee  
430 South Capitol Street, SE  
Washington, DC 20003

RE: MUR 4215  
DNC Services Corporation/Democratic  
National Committee  
Carol Pensky, as treasurer

Dear Mr. Sandler:

This is to advise you that on February 24, 1998, the Federal Election Commission found that there is no probable cause to believe the DNC Services Corporation/Democratic National Committee and Carol Pensky, as treasurer, violated 2 U.S.C. § 441a(f), 2 U.S.C. § 441b, 11 C.F.R. § 106.5(b) and 11 C.F.R. § 106.5(g)(1)(i). Accordingly, the file in this matter has been closed.

The file will be made part of the public record within 30 days. Should you wish to submit any factual or legal materials to appear on the public record, please do so within ten days. Such materials should be sent to the Office of the General Counsel.

If you have any questions, please contact Anne A. Weissenborn, the senior attorney assigned to this matter, at (202) 694-1650.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lawrence M. Noble".

Lawrence M. Noble  
General Counsel

98043064778



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM

TO: The Commissioners  
Staff Director Surina  
General Counsel Noble  
Assistant General Counsel Convery  
Press Officer Harris

FROM: *ms* Marjorie W. Emmons/Veneshe Ferebee-Vines *(114)*  
Secretary of the Commission

DATE: March 30, 1998

SUBJECT: Democratic National Committee Carol Pensky,  
as Treasurer. Statement of Reasons  
regarding MUR 4215.

Attached is a copy of the Statement of Reasons regarding the above subject matter signed by Chairman Joan D. Aikens, Vice-Chairman Scott E. Thomas, Commissioner Lee Ann Elliott, Commissioner Danny Lee McDonald, and Commissioner John Warren McGarry.

This was received in the Commission Secretary's Office on Monday, March 30, 1998 at 12:13 p.m.

Attachment

98043064779



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

**BEFORE THE FEDERAL ELECTION COMMISSION**

In the Matter of	)	
	)	MUR 4215
Democratic National Committee	)	
Carol Pensky, as treasurer	)	

**STATEMENT OF REASONS**

**Chairman, Joan D. Aikens**  
**Vice-Chairman, Scott E. Thomas**  
**Commissioner Lee Ann Elliott**  
**Commissioner Danny Lee McDonald**  
**Commissioner John Warren McGarry**

**Introduction**

On February 24, 1998, the Federal Election Commission ("the Commission"), by a 5-0 vote, declined to adopt the recommendations of the Office of General Counsel to find probable cause to believe the Democratic National Committee and Carol Pensky, as treasurer ("the DNC") violated the Federal Election Campaign Act of 1971, as amended, ("the Act"), and the Commission's regulations in connection with certain transfers to state party committees. At issue was whether the DNC violated the law because the state parties used the state party allocation formulas for expenditures they made on certain generic voter drive advertisements. The Office of General Counsel contended that the funds should have been allocated under the national party allocation formula since it appeared the DNC had transferred funds to the state parties with the intention that those funds be used for the voter drive advertisements.

We voted against the General Counsel's recommendations because there is nothing in the current regulations of the Commission that clearly prevents the activity at issue here. To the contrary, the regulations permit a national party committee to make unlimited transfers to a state party committee. 11 C.F.R. § 110.3(c). Under the Commission's regulations, it is reasonable to view these transferred monies as if they were state party monies that can be utilized as the state party allocation rules allow.

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Pursuant to 11 C.F.R. § 106.1(e), party committees making disbursements for specified categories of activities in connection with both federal and non-federal elections must allocate those expenses between federal and non-federal accounts in accordance with 11 C.F.R. § 106.5. These categories include administrative expenses, fundraising costs, the costs of certain activities which are exempt from the definitions of "contribution" and "expenditure," and the costs of generic voter drives. 11 C.F.R. § 106.5(a)(2)(i-iv). "Generic voter drives" include activities that "urge the general public to register, vote or support candidates of a particular party or associated with a particular issue, without mentioning a specific candidate." 11 C.F.R. § 106.5(a)(2)(iv).

Generally, state party committees using separate federal and non-federal accounts must allocate the costs of the above categories of expenses, including generic voter drives, using the "ballot composition method." 11 C.F.R. § 106.5(d). National party committees, other than Senate or House campaign committees, must allocate the costs of generic voter drives according to fixed percentages: in non-presidential election years the fixed amount for the federal account's share is at least 60%. 11 C.F.R. § 106.5(b)(2)(ii).

#### DNC Transfers

The DNC confirmed it transferred federal and non-federal funds to the Michigan Democratic State Central Committee ("MDP") in 1994 so the MDP could place certain television advertisements entitled "Deal." The DNC deemed this buying of air time to have been state party generic voter activity. Rather than apply the 60% federal / 40% non-federal formula set forth in the Commission's regulations for national party expenditures for its transfers, the DNC appears to have transferred such amounts as the MDP requested under its own allocation formula which permitted 78% of the payment to the media buyer to be made with non-federal funds. The DNC's federal transfers were made to MDP federal account(s) and the DNC's non-federal transfers were made from non-federal account(s) to MDP non-federal account(s). The DNC also confirmed it transferred funds from its federal and non-federal accounts to ten additional Democratic state party committees for similar purposes in 1994, again working with the state party committees' allocation ratios. The total amounts transferred to the eleven state party committees were \$613,041 from the DNC's federal account(s) and \$1,402,885 from its non-federal account(s).

#### Analysis

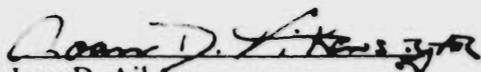
We voted against the General Counsel's recommendations of probable cause to believe determinations for several reasons. First, the state party committees clearly retained ultimate control over their disbursements, not the DNC. The funds at issue

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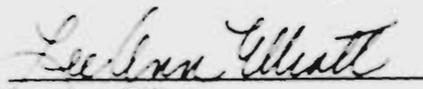
transfers at issue be used for particular generic voter drive activity could require application of its own allocation ratio rather than the ratios of the state party committees which made the related expenditures to the vendors from their own accounts.<sup>3</sup>

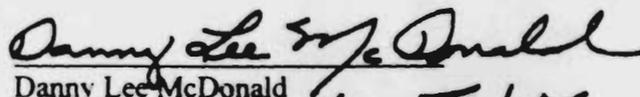
Conclusion

For all of the reasons set forth above, we did not approve the General Counsel's recommendations with regard to the alleged violations of the Act and the regulations by the DNC. We believe the DNC's actions were entirely consistent with a fair interpretation of the Act and of the regulations.

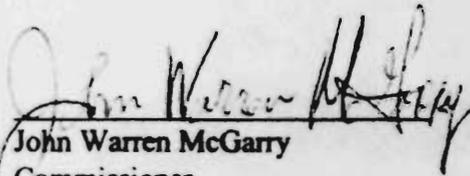
  
Joan D. Aikens  
Chairman

  
Scott E. Thomas  
Vice-Chairman

  
Lee Ann Elliott  
Commissioner

  
Danny Lee McDonald  
Commissioner

March 26, 1998

  
John Warren McGarry  
Commissioner

<sup>3</sup> Indeed, if it was the task of the Commission to look behind the transfers of and subsequent uses of such transferred funds, the Commission would be not only very busy reviewing this activity but, in all likelihood, would be unable to accomplish little else. In the 1995-96 cycle, the RNC transferred over \$18 million from its federal account and over \$48 million from its non-federal account to Republican state party committees. Similarly, the DNC transferred over \$20 million from its federal account and over \$54 million from its non-federal account to state party committees. See FEC Press Release, March 19, 1997 at 10.

If the Commission chooses to restrict in some fashion transfers made under circumstances like those present in this case, it should do so through a deliberative rulemaking proceeding. Such an approach would allow a proper and thorough analysis of the Commission's legal authority and the practical difficulties of enforcing any restriction considered.

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FEDERAL ELECTION COMMISSION  
WASHINGTON DC 20463

THIS IS THE END OF MUR # 4215  
DATE FILMED 4/10/98 CAMERA NO. 3  
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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

Date: 4/30/58

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           Press

THE ATTACHED MATERIAL IS BEING ADDED TO CLOSED MUR 4215

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

Eric E. Doster  
General Counsel  
Michigan Republican State Committee  
2121 East Grand River  
Lansing, Michigan 48912

April 28, 1998

Re: MUR 4215

Dear Mr. Doster:

Enclosed please find a Statement of Reasons adopted by the Federal Election Commission which explains its decision to find no probable cause to believe that the Democratic National Committee and Carol Pensky, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441b and 11 C.F.R. §§ 106.5(b) and 106.5(g)(1)(i) in MUR 4215. This document has been placed on the public record as part of the file in this matter.

If you have any questions, please contact me at (202) 694-1650.

Sincerely,

A handwritten signature in cursive script that reads "Anne A. Weissenborn".

Anne A. Weissenborn  
Senior Attorney

Enclosure  
Statement of Reasons



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

Joseph E. Sandler  
General Counsel  
Democratic National Committee  
430 South Capitol Street, SE  
Washington, DC 20003

April 28, 1996

RE: MUR 4215  
DNC Services Corporation/Democratic  
National Committee  
Carol Persky, as treasurer

Dear Mr. Sandler:

Enclosed please find a Statement of Reasons adopted by the Federal Election Commission which explains its decision to find no probable cause to believe that the Democratic National Committee and Carol Persky, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441b and 11 C.F.R. §§ 106.5(b) and 106.5(g)(1)(i) in MUR 4215. This document has been placed on the public record as part of the file in this matter.

If you have any questions, please contact me at (202) 694-1660.

Sincerely,

Anne A. Weissmann  
Senior Attorney

Enclosure  
Statement of Reasons

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

Date: 5/4/98

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           Press

THE ATTACHED MATERIAL IS BEING ADDED TO CLOSED MUR 4215

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MICHIGAN DEMOCRATIC STATE CENTRAL COMMITTEE • 606 TOWNSEND LANSING, MI 48933  
517/371-5410 • FAX 517/371-2056

For an update on Party activities, call 1-800-DEMSTY1111 '98  
Visit us on the World Wide Web at [www.hcn.org/info/mdp](http://www.hcn.org/info/mdp)

- Chair
- Mark Brewer
- Vice-Chair
- Fred Walker
- Woodrow Stanley
- Recording Secretary
- Mary Bethany
- Party Secretary
- Debbie White

February 23, 1998

Anne A. Weissenhorn, Esq.  
Federal Elections Commission  
999 E St. NW  
Washington, DC 20463

VIA OVERNIGHT MAIL

RE: MUR 4215

Dear Ms. Weissenhorn:

Pursuant to the Conciliation Agreement in the above matter, enclosed please find a check for \$15,000.00 (fifteen thousand dollars), the first installment of the civil penalty.

Sincerely,  
*Mark Brewer*  
Mark Brewer  
Chair

encl.

- Executive Committee
- Dennis Archer
- Mary Bethany
- Mark Brewer
- Deborah Dingell
- Bob Ferguson
- Frank Garrison
- Fremont Hendrix
- Jack Miner
- Kim Moran
- Hubert Price Jr.
- Virgil Rollins
- Fred Walker
- Lisa Webb
- Richard Werner
- Stephen Yokich
- Officers At Large
- Ismael Ahmed
- Ken Beard
- Daniel Bennett
- Stacey Bonmarito
- Veina Bouchard
- Susan Gatti
- Nick Caranattaro
- George Cobbin
- David Collins
- Michael Duggan
- Robert Ficaro
- Richard Flynn
- Dorothy Gonzales
- Kolize Hopwood
- Kathleen Johnson-Galat
- Mildred A. Kyles
- Robert Lee
- Farmak McGary
- Eddie McDonald Jr.
- Osai Nolin
- Gary Peters
- William Polakowski
- Robert Potter
- Paul Seldenright
- Randy Serza
- James Shumour
- Basil Simon
- Doris Sims
- Rosemary Wolock

1123

21ST CENTURY FUND

606 TOWNSEND ST  
LANSING, MI 48933

DATE 2-23-98

74-1345/724

PAY  
TO THE  
ORDER OF

*Federal Election Commission*

\$ 15,000.00

*Fifteen thousand and*

*NO / 100*

DOLLARS

Capitol  National Bank  
Lansing, Michigan 48933

*Kathryn A. DeLena*

FOR

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

file  
FEB 23 1998

February 26, 1998

**TWO WAY MEMORANDUM**

TO: OGC Docket  
FROM: Rosa E. Swinton *RES*  
Accounting Technician  
SUBJECT: Account Determination for Funds Received

We recently received a check from **Michigan Democratic Party**, check number **1123**, dated **February 23, 1998**, for the amount of **15,000.00**. A copy of the check and any correspondence is being forwarded. Please indicate below which account the funds should be deposited and give the MUR/Case number and name associated with the deposit.

-----  
TO: Rosa E. Swinton                      Leslie D. Brown  
Accounting Technician                  Disbursing Technician  
FROM: OGC Docket  
SUBJECT: Disposition of Funds Received

In reference to the above check in the amount of \$15,000.00, the MUR/Case number is 4215 and in the name of Michigan Democratic Party. Place this deposit in the account indicated below:

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

Frankie Harjo  
Signature

2-26-98  
Date



MICHIGAN DEMOCRATIC STATE CENTRAL COMMITTEE • 606 TOWNSEND LANSING, MI 48933  
517/371 5410 • FAX 517/371 2056

For an update on Party activities, call 1-800-DEMSEFYI

Visit us on the World Wide Web at [www.becn.org/info/mdp](http://www.becn.org/info/mdp)

Mar 19 11 25 AM '98  
FEDERAL ELECTIONS COMMISSION

March 16, 1998

Chair  
Mark Brewer

Vice Chairs  
Flora Walker  
Woodrow Stanley

Recording Secretary  
Marc Bethany

Corresponding Secretary  
Nancy White

Treasurer  
Roger Wankelma

INNC  
Committeemembers

- Dennis Archer
- Marc Bethany
- Mark Brewer
- Deborah Dingell
- Joel Ferguson
- Frank Garrison
- Freeman Hendrix
- Jack Minor
- Kim Moritz
- Robert Price Jr.
- Virginia Rollins
- Flora Walker
- Lisa Webb
- Richard Wiener
- Stephen Yostich

Anne A. Weissenborn, Esq.  
Federal Elections Commission  
999 E St. NW  
Washington, DC 20463

VIA OVERNIGHT MAIL

RE: MUR 4215

Dear Ms. Weissenborn,

Pursuant to the Conciliation Agreement in the above matter, enclosed please find a check for \$10,000.00 (ten thousand dollars), the second installment of the civil penalty.

Sincerely,

Mark Brewer  
Chair

encl.

- Officers-At-Large
- Ismael Ahmed
- Kay Beard
- Daniel Bennett
- Sharon Bonraatz
- Veimar Bouchard
- Susan Carrin
- Nick Castaneta
- Gloria Cobbin
- David Colling
- Michael Duggan
- Robert Fucini
- Richard Flynn
- Dorothy Gonzales
- Kollie Hopwood
- Kathleen Johnston-Calar
- Mildred A. Kyles
- Robert Lee
- Patrick McCarty
- Eddie Mc Donald Jr.
- Gail Nolan
- Gary Peters
- William Polakowski
- Robert Pitter
- Paul Sellemright
- Emily Serra
- James Shamouna
- Basil Simon
- Doris Sims
- Rosemary Wollock







FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

MAR 20 10 05 AM '98

March 19, 1998

**TWO WAY MEMORANDUM**

TO: OGC Docket  
FROM: Rosa E. Swinton *RES*  
Accounting Technician  
SUBJECT: Account Determination for Funds Received

We recently received a check from **Michigan Democratic Party**, check number **1128**, dated **March 16, 1998**, for the amount of, **\$10,000.00**. A copy of the check and any correspondence is being forwarded. Please indicate below which account the funds should be deposited and give the MUR/Case number and name associated with the deposit.

-----  
TO: Rosa E. Swinton                      Leslie D. Brown  
Accounting Technician                  Disbursing Technician  
FROM: OGC Docket  
SUBJECT: Disposition of Funds Received

In reference to the above check in the amount of \$10,000.00, the MUR/Case number is 4215 and in the name of Michigan Democratic Party. Place this deposit in the account indicated below:

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

Frankie Hampton  
Signature

March 23, 1998  
Date

98004300304



MICHIGAN DEMOCRATIC STATE CENTRAL COMMITTEE • 606 TOWNSEND LANSING, MI 48933  
517 371-5410 • FAX 517/371-2056

For an update on Party activities call 800-DEMSEFY

Visit us on the World Wide Web at [www.hccn.org/info/mdp](http://www.hccn.org/info/mdp)

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
APR 16 11 38 AM '98

April 15, 1998

Anne A. Weissenborn, Esq.  
Federal Elections Commission  
999 E. St. NW  
Washington, DC 20463

RE: MUR 4215

Dear Ms. Weissenborn,

Pursuant to the Conciliation Agreement in the above matter, enclosed please find a check for \$10,000.00, the final installment of the civil penalty.

Sincerely,

Mark Brewer  
Chair

encl.

- Chair: Mark Brewer
- President: Frank Walker
- Vice President: Woodrow Stamm
- Executive Secretary: Mary Bethann
- Communications Secretary: Sonny White
- Treasurer: Roger Winkelman
- Committee Members:
  - Dennis Archer
  - Walt Beffany
  - Walt Brewer
  - Joseph D'Angelo
  - Jack Ferguson
  - Frank Garrison
  - Freeman Hendrix
  - Jack Moore
  - Ken Moran
  - Robert Price Jr.
  - George Rollins
  - Frank Walker
  - Luc Weber
  - Richard Wiener
  - Stephen Yokich
- Officers At Large:
  - Israel Ahmed
  - Lee Beard
  - Daniel Bennett
  - Sharon Bonnamant
  - Verma Bouchard
  - Susan Carrin
  - Nick Caranitaro
  - Thomas Cobbin
  - Dwight Colling
  - Michael Duggan
  - Robert Ficano
  - Richard Flynn
  - Dorothy Gonzalez
  - Ellie Haggood
  - Kathleen Johnson-Calio
  - Winfred A. Kyles
  - Robert Lee
  - Patrick McCarty
  - Etelle McDonald Jr.
  - Carl Nolin
  - Gary Peters
  - William Polakowski
  - Robert Potter
  - Paul Schildenrigh
  - Kathy Serna
  - James Shomura
  - Basil Simon
  - Doris Sims
  - Rosemary Wolock

1131.

21ST CENTURY FUND

606 TOWNSEND ST  
LANSING, MI 48933

DATE 7-15-97

7-100172

PAY  
TO THE  
ORDER OF

*Federal Election Commission*

\$ 10,000.00

*Ten Thousand and*

*no/100*

DOLLARS

Capitol  National Bank  
Lansing, Michigan 48933

*Kathy A. Allen*

FOR

⑆001131⑆ ⑆072413450⑆ 30203930021⑆

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

APR 16 3 20 PM '98

April 16, 1998

**TWO WAY MEMORANDUM**

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

We recently received a check from **Michigan Democratic Party**, check number **1131**, dated **April 15, 1998**, for the amount of **10,000.00**. A copy of the check and any correspondence is being forwarded. Please indicate below which account the funds should be deposited and give the MUR/Case number and name associated with the deposit.

-----  
TO: Rosa E. Swinton *RES*                      Leslie D. Brown  
Accounting Technician                      Disbursing Technician  
FROM: OGC Docket  
SUBJECT: Disposition of Funds Received

In reference to the above check in the amount of \$10,000.00 the **MUR** Case number is 4215 and in the name of Michigan Democratic Party Place this deposit in the account indicated below:

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

*Kim Swinton*  
\_\_\_\_\_  
Signature

4-17-98  
\_\_\_\_\_  
Date

9804300307



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

Date: 8/11/98

Microfilm

Press

THE ATTACHED MATERIAL IS BEING ADDED TO CLOSED MUR 4215

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

**BEFORE THE FEDERAL ELECTION COMMISSION**

<b>In the Matter of</b>	)	
	)	<b>MUR 4215</b>
<b>Democratic National Committee</b>	)	
<b>Carol Pensky, as treasurer</b>	)	

**STATEMENT OF REASONS**

**Chairman, Joan D. Aikens**  
**Vice-Chairman, Scott E. Thomas**  
**Commissioner Lee Ann Elliott**  
**Commissioner Danny Lee McDonald**  
**Commissioner John Warren McGarry**

**Introduction**

On February 24, 1998, the Federal Election Commission ("the Commission"), by a 5-0 vote, declined to adopt the recommendations of the Office of General Counsel to find probable cause to believe the Democratic National Committee and Carol Pensky, as treasurer ("the DNC") violated the Federal Election Campaign Act of 1971, as amended, ("the Act"), and the Commission's regulations in connection with certain transfers to state party committees. At issue was whether the DNC violated the law because the state parties used the state party allocation formulas for expenditures they made on certain generic voter drive advertisements. The Office of General Counsel contended that the funds should have been allocated under the national party allocation formula since it appeared the DNC had transferred funds to the state parties with the intention that those funds be used for the voter drive advertisements.

We voted against the General Counsel's recommendations because there is nothing in the current regulations of the Commission that clearly prevents the activity at issue here. To the contrary, the regulations permit a national party committee to make unlimited transfers to a state party committee. 11 C.F.R. § 110.3(c). Under the Commission's regulations, it is reasonable to view these transferred monies as if they were state party monies that can be utilized as the state party allocation rules allow.

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The sole regulatory restriction on the use of transferred national party funds is they cannot be used by a state party either to pay for campaign materials which otherwise may qualify for the "volunteer exception," *see* 11 C.F.R. §§ 100.7(b)(15)(vii) and 100.8(b)(16)(vii), or to pay for certain presidential get-out-the-vote activities that are exempted from treatment as a contribution or expenditure. *See* 11 C.F.R. §§ 100.7(b)(17)(vii) and 100.8(b)(18)(vii).<sup>1</sup> Significantly, there is no similar Commission regulation which addresses, much less specifically restricts, the transfer of national party funds for a state party's generic voter activity or questions the purpose and intent of these transfers.

### The Law

The statute, at 2 U.S.C. § 441a(f), prohibits political committees from accepting contributions exceeding the statutory limitations. Similarly, 2 U.S.C. § 441b prohibits political committees from accepting contributions from corporate or labor union sources.

Following the statute at 2 U.S.C. § 441a(a)(4), the Commission's regulations, 11 C.F.R. § 110.3(c), provide that the contribution limitations set out at 11 C.F.R. §§ 110.1 and 110.2 "shall not limit . . . transfers of funds between affiliated committees or between party committees of the same political party whether or not they are affiliated . . ."

Under 11 C.F.R. § 102.5(a)(1), political committees that make expenditures "in connection with both federal and non-federal elections" either must establish separate federal and non-federal accounts, or set up a single account "which receives only contributions subject to the limitations and prohibitions of the Act." If separate federal and non-federal accounts are established, all expenditures made in connection with federal elections must be made from the federal account.

Under 11 C.F.R. § 106.5(a)(1), party committees that make expenditures in connection with both federal and non-federal elections either must use only permissible funds to make such expenditures or establish separate federal and non-federal accounts pursuant to 11 C.F.R. § 102.5. If separate accounts are used, expenditures for shared federal and non-federal activity must be allocated between these accounts, and the committee must pay "the entire amount of an allocable expense from its federal account and [then] transfer funds from its non-federal account to its federal account solely to cover the non-federal share of that allocable expense." 11 C.F.R. § 106.5(g)(1)(i).

<sup>1</sup> The rationale for such "exempt" activity rules --to encourage the use of volunteers by state or local parties-- has no application to the case at hand where televised advertisements are involved. *See* H.R. Rep. No. 96-422, 96th Cong., 1st Sess. (1979), p.9, reprinted in Legislative History of Federal Election Campaign Act Amendments of 1979, GPO (1983), p.193.

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Pursuant to 11 C.F.R. § 106.1(e), party committees making disbursements for specified categories of activities in connection with both federal and non-federal elections must allocate those expenses between federal and non-federal accounts in accordance with 11 C.F.R. § 106.5. These categories include administrative expenses, fundraising costs, the costs of certain activities which are exempt from the definitions of "contribution" and "expenditure," and the costs of generic voter drives. 11 C.F.R. § 106.5(a)(2)(i-iv). "Generic voter drives" include activities that "urge the general public to register, vote or support candidates of a particular party or associated with a particular issue, without mentioning a specific candidate." 11 C.F.R. § 106.5(a)(2)(iv).

Generally, state party committees using separate federal and non-federal accounts must allocate the costs of the above categories of expenses, including generic voter drives, using the "ballot composition method." 11 C.F.R. § 106.5(d). National party committees, other than Senate or House campaign committees, must allocate the costs of generic voter drives according to fixed percentages; in non-presidential election years the fixed amount for the federal account's share is at least 60%. 11 C.F.R. § 106.5(b)(2)(ii).

#### DNC Transfers

The DNC confirmed it transferred federal and non-federal funds to the Michigan Democratic State Central Committee ("MDP") in 1994 so the MDP could place certain television advertisements entitled "Deal." The DNC deemed this buying of air time to have been state party generic voter activity. Rather than apply the 60% federal / 40% non-federal formula set forth in the Commission's regulations for national party expenditures for its transfers, the DNC appears to have transferred such amounts as the MDP requested under its own allocation formula which permitted 78% of the payment to the media buyer to be made with non-federal funds. The DNC's federal transfers were made to MDP federal account(s) and the DNC's non-federal transfers were made from non-federal account(s) to MDP non-federal account(s). The DNC also confirmed it transferred funds from its federal and non-federal accounts to ten additional Democratic state party committees for similar purposes in 1994, again working with the state party committees' allocation ratios. The total amounts transferred to the eleven state party committees were \$613,041 from the DNC's federal account(s) and \$1,402,885 from its non-federal account(s).

#### Analysis

We voted against the General Counsel's recommendations of probable cause to believe determinations for several reasons. First, the state party committees clearly retained ultimate control over their disbursements, not the DNC. The funds at issue

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actually had been transferred to the state parties. In transferring these funds, the DNC relinquished, and the state parties had gained, control over those funds.<sup>2</sup> Moreover, each state party decided whether to accept and spend the funds transferred by the DNC. See Exhibit A to May 23, 1995 complaint (According to the DNC, "the ads are being *made available* to Democratic candidates and state parties across the country.") (emphasis added). The state party committees could have rejected the funds offered by the DNC. Additionally, in transferring the funds, the DNC expressly recognized the state parties' control over the funds when it indicated the transferred funds could be used for "generic get-out-the-vote drives, general overhead or administrative expenses of the State Party." See, e.g., October 17, 1994 letter from DNC to Michigan Democratic Party at 1.

Second, the Commission's regulations (as well as the statute at 2 U.S.C. § 441a(a)(4)) state there are no limits on the amounts a national party committee may transfer to a state committee of the same party. This reflects a judgment that party committee units are to be relatively free to fund each other's efforts. See *FEC v. DSCC*, 454 U.S. 27 (1981).

Third, the Commission's regulations clearly regulate the direct payment by national party committees of generic voter drive activity, by requiring that a stated minimum of such payments come from the committees' federal accounts and that the federal accounts be used to make all such payments with subsequent reimbursement by the non-federal accounts. The regulations do not address instances, such as those at issue in this enforcement matter, in which the national party committee transfers federal and non-federal funds to state party committees directly from the national party committee's federal and non-federal accounts, and the state party committees later make expenditures to vendors for generic voter drive activity pursuant to their own allocation ratios.

Finally, these same regulations clearly do not address the issue of intent with regard to such transfers by national party committees to state party committees. Therefore, we believe the DNC was not on notice that its acknowledged intent that the

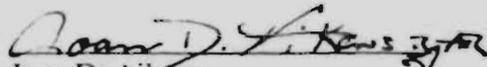
<sup>2</sup> See *FEC v. Democratic Senatorial Campaign Committee* ("DSCC"), 454 U.S. 27, 40-41 (1981) ("Money transferred to the state committee presumably would be spent as the state committee decided.") On the other hand, the Supreme Court also recognized that the national party "easily could insist that funds transferred to a state committee could be utilized in a certain manner." 454 U.S. at 41.

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transfers at issue be used for particular generic voter drive activity could require application of its own allocation ratio rather than the ratios of the state party committees which made the related expenditures to the vendors from their own accounts.<sup>3</sup>

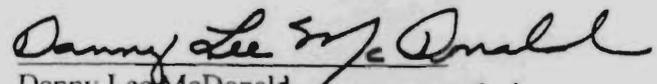
Conclusion

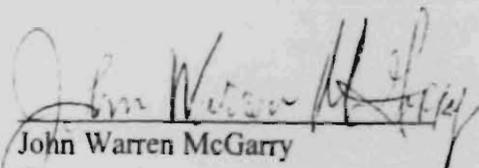
For all of the reasons set forth above, we did not approve the General Counsel's recommendations with regard to the alleged violations of the Act and the regulations by the DNC. We believe the DNC's actions were entirely consistent with a fair interpretation of the Act and of the regulations.

  
Joan D. Aikens  
Chairman

  
Scott E. Thomas  
Vice-Chairman

  
Lee Ann Elliott  
Commissioner

  
Danny Lee McDonald  
Commissioner *by F/S/T*

  
John Warren McGarry  
Commissioner

March 26, 1998

<sup>3</sup> Indeed, if it was the task of the Commission to look behind the transfers of and subsequent uses of such transferred funds, the Commission would be not only very busy reviewing this activity but, in all likelihood, would be unable to accomplish little else. In the 1995-96 cycle, the RNC transferred over \$18 million from its federal account and over \$48 million from its non-federal account to Republican state party committees. Similarly, the DNC transferred over \$20 million from its federal account and over \$54 million from its non-federal account to state party committees. See FEC Press Release, March 19, 1997 at 10.

If the Commission chooses to restrict in some fashion transfers made under circumstances like those present in this case, it should do so through a deliberative rulemaking proceeding. Such an approach would allow a proper and thorough analysis of the Commission's legal authority and the practical difficulties of enforcing any restriction considered.

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