FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

THIS IS THE BEGINNING OF MUR # 4283

DATE FILMED 1/16/98 CAMERA NO. 2

CAMERAMAN EES

9830486002

IDAHO STATE DEMOCRATIC PARTY

P.O. Box 445
Boise, ID 83701
Phone (208) 336-1815
Toll Free in Idaho 1-800-542-ISDP (4737)
FAX (208) 336-1817

November 20, 1995

MUR 4283

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

NOV 21 3 12 PM '95

Lawrence M. Noble, Esq.
Office of General Counsel
Federal Election Commission
Sixth Floor
999 E Street, N.W.
Washington, D.C. 20463

Re: Complaint Against Helen Chenoweth
Member of Congress
Idaho-First Congressional District

Dear Mr. Noble:

The undersigned files this complaint charging violations of the Federal Election Campaign Act of 1971, as amended ("FECA" or the "Act"), 2 U.S.C. §§431 et seq. and related regulations of the Federal Election Commission ("FEC"), 11 C.F.R. §§100.1 et seq., by Helen Chenoweth, the Chenoweth for Congress Committee, Wayne Crow, as treasurer, and West One Bank (referred to collectively as "Respondents").

Congresswoman Chenoweth, acting in association with some or all of the other Respondents, appears to have been involved in an illegal scheme to benefit her and her campaign. The public record of loans, payments and expenditures, point unmistakably to probable violations of the FECA and possibly to knowing and willful misconduct requiring criminal investigation. In this regard, the undersigned asks the Commission to review the enclosed documents,[1] conduct a thorough and independent investigation of the facts set forth below, pursue any and all violations of the FECA, and refer all potential violations of criminal law to the appropriate law enforcement authorities.

[1] All of the documents enclosed -- except the Associated Press wire story -- are excerpts from reports obtained from the FEC and better copies should be in your files.

Paid for by Idaho State Democratic Central Committee, Carolyn Boyce, Treasurer

Remember to check your income tax form for "Tax Check-Off" for the Democratic Party. Thank you.

## 1. Illegal Bank Loan

On November 23, 1994, Helen Chenoweth received a loan for $40,400.00. From all appearances, based on the Promissory Note for the loan and subsequent reports, this was negotiated as a loan from West One Bank to Ms. Chenoweth or her campaign committee at an initial interest rate of ten percent, made without collateral or other security. According to FEC campaign reports filed shortly thereafter, the loan was for $40,000.00, reportedly bore an interest rate of ten and one-quarter percent, had no disclosed endorsers or guarantors, and was a persona loan from the candidate, Helen Chenoweth to the Chenoweth for Congress Committee. In fact, the Respondents now admit the loan was not from Ms. Chenoweth, but rather was from Respondent West One Bank in Boise, Idaho. Furthermore, the interest rate on the loan was not ten and one-quarter percent, as originally reported, but rather, according to the Promissory Note a variable interest rate loan with an initial rate of ten percent. Finally, documents filed with the FEC in 1995, demonstrate that, indeed, the loan was not guaranteed by any third party, nor was it secured by any form of recognized collateral.

The disclosure reports and other documentation of the loan present at least three probable FEC violations: (1) the making of a prohibited contribution by a bank to a federal election campaign; (2) the making of a loan from a bank to a federal candidate or her campaign committee with no security or other prudent assurance of repayment; and, (3) the erroneous, if not false, reporting of mandatory disclosure details regarding the transaction.

FEC regulations strictly prohibit banks from making contributions or expenditures "in connection with election to any political office." 11 C.F.R. §114.2. A loan by a bank to a candidate or her committee will be considered a prohibited contribution unless it is "made in accordance with applicable banking laws and regulations and is made in the ordinary course of business." 11 C.F.R. §100.7(b)(11); 11 C.F.R. §100.8(b)(12). Among the requirements that a loan must meet in order to be considered "in the ordinary course of business" is that it must be "made on a basis which assures repayment." Id. In addition, all such loans must be properly reported to the Commission.[2]

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[2] Ms. Chenoweth now claims that she was "in consultation with the lawyers at the FEC as we made the loan so there was nothing illegal about it or untoward." Mr. Ian Stirton responded, however, that routine inquiries to the FEC are handled by non-lawyers and that specific inquiries of this nature may only be answered on the basis of an Advisory Opinion Request. Moreover, there are no records that the Chenoweth campaign ever sought a determination about this loan. Indeed, the mere fact that Ms.

Ms. Chenoweth and her campaign clearly violated the FECA's requirements regarding accurately reporting information pertaining to bank loans when on at least two occasions it falsely reported the $40,000.00 loan as coming from the candidate's personal funds when it was in fact from a commercial bank. 11 C.F.R. §104.3. Indeed, since March 1995 (if not sooner) the candidate's committee has been paying interest on the loan, which directly conflicts with the earlier characterization of this loan as "personal."

The FEC report filed by the Chenoweth campaign included a certification that the information provided was "true, correct and complete" as well as the following warning: "NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this report to the penalties of 2 U.S.C. §437g." In addition, section 1001 of Title 18 of the United States Code makes it a felony offense to submit false statements to an agency or department of the United States. To the extent that the Commission's investigation uncovers evidence that the loan may have been intentionally misreported, the undersigned requests that the Commission refer the matter to the Justice Department for further criminal investigation.

Having now admitted that the loan (regardless of its correct amount) was indeed an unsecured, uncollateralized and unguaranteed loan from a commercial bank, it is self-evident that Respondents have violated key provisions of the FECA which strictly prohibit contributions from banks. 11 C.F.R. §114.2.[3] Moreover, it is impossible to imagine how Respondents could have "mistakenly" reported the loan as coming from the candidate when at the time the candidate had actual personal knowledge that it came from West One Bank. Thus, it would appear, and the undersigned requests the FEC to investigate, that Respondent's violations may meet the standard of "knowing and

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Chenoweth ultimately filed completely revised FEC reports regarding the nature of this loan certainly seems to contradict her statements that she relied on FEC advice when first structuring and reporting the loan.

[3] Although FEC regulations do provide for a case-by-case review of such loans, 11 C.F.R. §100.8(b)(12)(ii), there is no evidence to suggest that the loan was "made on a basis which assures repayment." Id. Indeed, on the Schedule filed belatedly on or about January 30, 1995, Respondents reported that there was no pledge or other collateral to secure the loan, but left blank box F requiring information that would support finding that the loan was made on a basis which assures repayment.

willful" as contained in 2 U.S.C. §437g, and may require referral to the Justice Department.

Respectfully submitted,

William L. Mauk
Chair
Idaho Democratic Party

SUBSCRIBED AND SWORN to before me, the undersigned Notary in and for said State, this 20th day of November, 1995.

Kay Lyn Moorhouse
NOTARY PUBLIC For Idaho
Residing at Boise, therein.
My Commission expires 9/6/00

9 3 0 4 8 6 0 0 0 6

read 4

4 AP 11-07-95 01:48 PET 70 LINES

AM-ID--Chenoweth Loan, Bjt,640

Chenoweth: FEC Lawyers Were Consulted About Questionable Loan

bfbx

BOISE, Idaho (AP) Still stinging from questions about a $40,000 bank loan to her campaign, Republican Congressman Helen Chenoweth asserted on Tuesday that it was obtained in conjunction with discussions with attorneys for campaign finance regulators at the Federal Election Commission.

But commission spokesman Ian Stirton said there was no record that the Chenoweth campaign ever sought a determination on whether the unsecured loan from West One Bank would be legal and without a formal written request for that determination no one on the commission staff could provide legal advice.

"The conclusion that this is an illegal loan is entirely wrong," Chenoweth said during her weekly telephone interview with KIDO radio in Boise.

"It's totally legal, and we were in consultation with the lawyers at the FEC as we made the loan so there was nothing illegal about it or untoward," Chenoweth told the radio station. "I wouldn't want to do that because I think a person is as good as their word, and the day I can't be relied on because I'm a

PRESS RETURN TO CONTINUE OR ENTER ANOTHER REQUEST.

reliable person is the day I should no longer be congressman."

Stirton said routine inquiries from campaigns to the commission are fielded by the commission's information division a cadre of nonattorneys authorized only to restate what the commission regulations are and whether there have been an advisory legal opinions issued by the commission that might impact the area of inquiry.

"What our information division does not do is pass on specific answers to factual situations," Stirton said. "If someone has some questions about what is to be done, they can request an advisory opinion from the commission and only the commissioners can give an advisory opinion."

That request must be made in writing, Stirton said, and no written request was received from the Chenoweth campaign.

The loan was made at 10.25 percent last Nov. 23 on Chenoweth's signature only with no specific collateral or method to guarantee repayment. It was carried for eight months on three different campaign finance disclosure statements as a personal, unsecured and unguaranteed loan from Chenoweth to the campaign.

Finally in August, after two $1,030 interest payments showed up

on the midyear statement, campaign treasurer Wayne Crow acknowledged that the loan was from West One Bank and an amended
PRESS RETURN TO CONTINUE OR ENTER ANOTHER REQUEST.

statement would be filed.

In mid-October, an amendment was filed declaring the loan was from West One but that it was not secured with collateral, guaranteed or subject to be repaid with future campaign contributions as required by Federal Election Commission regulations. The law also requires that candidates get no more favorable terms than other customers in similar financial circumstances.

Then last Friday, the Chenoweth campaign filed a completely revised midyear campaign finance disclosure statement that abruptly declared the loan secured and designated Chenoweth as the guarantor.

Chenoweth acknowledged that nothing had changed, maintaining that her personal note to the bank was security enough. The industry rule of thumb for unsecured loans is 10 percent of net worth although that is not a hard and fast guideline and Chenoweth did not deny that her worth is around $210,000.

"The bank made a decision that in their best interests and in their best judgment I would be paying that loan off," she told KIDO. "Certainly $40,000 is not a whole lot of money. ... My debts will be paid, My constituents know my debts will be paid, and this is a tempest in a teapot."
PRESS RETURN TO CONTINUE OR ENTER ANOTHER REQUEST.

She said her other third party debts from the 1994 campaign had been paid down to under $10,000. They totaled over $55,000 on July 1 until last week when the amended report dropped them below $50,000.
PLEASE ENTER A REQUEST.

EXPECTING A NEW REQUEST. PLEASE REENTER.

# REPORT OF RECEIPTS AND DISBURSEMENTS

CERTIFIED MAIL For Authorized Committees (Summary Page)

DEC X8 1994

1994 DEC 12 AM 11:32

OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES

155940

USE FEC MAILING LABEL OR TYPE OR PRINT

1. NAME OF COMMITTEE (in full): CHENOWETH FOR CONGRESS COMMITTEE

ADDRESS (number and street) ☐ Check if different than previously reported.
P.O. Box 897

CITY, STATE and ZIP CODE: Boise, Id 83701

STATE/DISTRICT: ID 1

2. FEC IDENTIFICATION NUMBER: C-00292020

3. IS THIS REPORT AN AMENDMENT? ☐ YES ☒ NO

## 4. TYPE OF REPORT

- ☐ April 15 Quarterly Report
- ☐ July 15 Quarterly Report
- ☐ October 15 Quarterly Report
- ☐ January 31 Year End Report
- ☐ July 31 Mid-Year Report (Non-election Year Only)
- ☐ Twelfth day report preceding _____ (Type of Election) election on _____ in the State of _____
- ☒ Thirtieth day report following the General Election on Nov. 8, 1994 in the State of Idaho
- ☐ Termination Report

This report contains activity for: ☐ Primary Election ☒ General Election ☐ Special Election ☐ Runoff Election

## SUMMARY

| | | COLUMN A This Period | COLUMN B Calendar Year-to-Date |
|---|---|---|---|
| 5 | Covering Period 10-20-94 through 11-28-94 | | |
| 6 | Net Contributions (other than loans) | | |
| | (a) Total Contributions (other than loans) (from Line 11(e)) | 124,761.57 | 581,535.30 |
| | (b) Total Contribution Refunds (from Line 20(d)) | | 250.00 |
| | (c) Net Contributions (other than loans) (subtract Line 6(b) from 6(a)) | 124,761.57 | 581,285.30 |
| 7 | Net Operating Expenditures | | |
| | (a) Total Operating Expenditures (from Line 17) | 173,445.49 | 669,722.43 |
| | (b) Total Offsets to Operating Expenditures (from Line 14) | | 1,291.83 |
| | (c) Net Operating Expenditures (subtract Line 7(b) from 7(a)) | 173,445.49 | 668,430.60 |
| 8 | Cash on Hand at Close of Reporting Period (from Line 27) | 24,023.85 | |
| 9 | Debts and Obligations Owed TO the Committee (Itemize all on Schedule C and/or Schedule D) | | |
| 10 | Debts and Obligations Owed BY the Committee (Itemize all on Schedule C and/or Schedule D) | 158,338.85 | |

For further information contact: Federal Election Commission, 999 E Street, NW, Washington, DC 20463, Toll Free 800-424-9530, Local 202-219-3420

*I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete.*

Type or Print Name of Treasurer: Wayne Crow

Signature of Treasurer: Wayne Crow

Date: 12-8-94

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. §437g.

FEC FORM 3 (revised 4/87)

4-085172

# DETAILED SUMMARY PAGE

## of Receipts and Disbursements

(Page 2, FEC FORM 3)

Name of Committee (in full): CHENOWETH FOR CONGRESS COMMITTEE

Report Covering the Period: From: 10-20-94 To: 11-28-94

| I. RECEIPTS | COLUMN A Total This Period | COLUMN B Calendar Year-To-Date | |
|---|---|---|---|
| 11 CONTRIBUTIONS (other than loans) FROM | | | |
| (a) Individuals/Persons Other Than Political Committees | | | |
| (i) Itemized (use Schedule A) | 23,980.40 | | 11 |
| (ii) Unitemized | 69,243.01 | | 11 |
| (iii) Total of contributions from individuals | 93,223.41 | 451,190.90 | 11 |
| (b) Political Party Committees | 10,868.91 | 34,024.49 | 11 |
| (c) Other Political Committees (such as PACs) | 20,669.25 | 83,819.91 | 11 |
| (d) The Candidate | | 12,500.00 | 11 |
| (e) TOTAL CONTRIBUTIONS (other than loans )(add 11(a)(iii), (b), (c) and (d)) | 124,761.57 | 581,535.30 | 11 |
| 12 TRANSFERS FROM OTHER AUTHORIZED COMMITTEES | | | 12 |
| 13 LOANS | | | |
| (a) Made or Guaranteed by the Candidate | 40,000.00 | 104,000.00 | 13 |
| (b) All Other Loans | | 6,200.00 | 13 |
| (c) TOTAL LOANS (add 13(a) and (b)) | 40,000.00 | 110,200.00 | 13 |
| 14 OFFSETS TO OPERATING EXPENDITURES (Refunds, Rebates, etc.) | | 1,291.83 | 14 |
| 15 OTHER RECEIPTS (Dividends, Interest, etc.) | | | 15 |
| 16 TOTAL RECEIPTS (add 11(e), 12, 13(c), 14 and 15) | 164,761.57 | 693,027.13 | 16 |
| **II. DISBURSEMENTS** | | | |
| 17 OPERATING EXPENDITURES | 173,445.49 | 669,722.43 | 17 |
| 18 TRANSFERS TO OTHER AUTHORIZED COMMITTEES | | | 18 |
| 19 LOAN REPAYMENTS | | | |
| (a) Of Loans Made or Guaranteed by the Candidate | | | 19 |
| (b) Of All Other Loans | | 7,200.00 | 19 |
| (c) TOTAL LOAN REPAYMENTS (add 19(a) and (b)) | | 7,200.00 | 19 |
| 20 REFUNDS OF CONTRIBUTIONS TO | | | |
| (a) Individuals/Persons Other Than Political Committees | | 250.00 | 20 |
| (b) Political Party Committees | | | 20 |
| (c) Other Political Committees (such as PACs) | | | 20 |
| (d) TOTAL CONTRIBUTION REFUNDS (add 20(a), (b) and (c)) | | 250.00 | 20 |
| 21 OTHER DISBURSEMENTS | | | 21 |
| 22 TOTAL DISBURSEMENTS (add 17, 18, 19(c), 20(d) and 21) | 173,445.49 | 677,172.43 | 22 |

## III. CASH SUMMARY

| | | |
|---|---|---|
| 23 CASH ON HAND AT BEGINNING OF REPORTING PERIOD | $ 32,707.77 | 23 |
| 24 TOTAL RECEIPTS THIS PERIOD (from Line 16) | $ 164,761.57 | 24 |
| 25 SUBTOTAL (add Line 23 and Line 24) | $ 197,469.34 | 25 |
| 26 TOTAL DISBURSEMENTS THIS PERIOD (from Line 22) | $ 173,445.49 | 26 |
| 27 CASH ON HAND AT CLOSE OF THE REPORTING PERIOD (subtract Line 26 from 25) | $ 24,023.85 | 27 |

6-00178

(Use Full)

FOR CONGRESS

C-00282

| Full Name, Mailing Address and ZIP Code of Loan Source | Original Amount of Loan | Cumulative Payment To Date | Balance Outstanding at Close of This Period |
|---|---|---|---|
| Chenoweth<br>Irving Lane<br>Boise, Id 83704<br>Election: ☐ Primary ☐ General ☐ Other (specify): | 60,000.00 | | 60,000.00 |

Terms: Date Incurred 4-1-94 Date Due 11-15-94 Interest Rate _____ % (apr) ☐ Secured

List All Endorsers or Guarantors (if any) to Item A

| | |
|---|---|
| 1. Full Name, Mailing Address and ZIP Code | Name of Employer<br>Occupation<br>Amount Guaranteed Outstanding $ |
| 2. Full Name, Mailing Address and ZIP Code | Name of Employer<br>Occupation<br>Amount Guaranteed Outstanding $ |
| 3. Full Name, Mailing Address and ZIP Code | Name of Employer<br>Occupation<br>Amount Guaranteed Outstanding $ |

| B. Full Name, Mailing Address and ZIP Code of Loan Source | Original Amount of Loan | Cumulative Payment To Date | Balance Outstanding at Close of This Period |
|---|---|---|---|
| Helen Chenoweth<br>6414 Irving Lane<br>Boise, Id 83704<br>Election: ☐ Primary ☐ General ☐ Other (specify): | 40,000.00 | | 40,000.00 |

Terms: Date Incurred 11-23-94 Date Due 11-23-94 Interest Rate 10 1/4 % (apr) ☐ Secured

List All Endorsers or Guarantors (if any) to Item B

| | |
|---|---|
| 1. Full Name, Mailing Address and ZIP Code | Name of Employer<br>Occupation<br>Amount Guaranteed Outstanding $ |
| 2. Full Name, Mailing Address and ZIP Code | Name of Employer<br>Occupation<br>Amount Guaranteed Outstanding $ |
| 3. Full Name, Mailing Address and ZIP Code | Name of Employer<br>Occupation<br>Amount Guaranteed Outstanding $ |

| | |
|---|---|
| SUBTOTALS This Period This Page (optional) | 100,000.00 |
| TOTALS This Period (last page in this line only) | 103,000.00 |

Carry outstanding balance only to LINE 3, Schedule D, for this line. If no Schedule D, carry forward to appropriate line of Summary.

C-1
ection Commission
gton, D.C. 20463

Supplementary for additional
found on Page ___ of Schedule C

# LOANS AND LINES OF CREDIT FROM LENDING INSTITUTIONS

| NAME OF COMMITTEE (IN FULL) | FEC IDENTIFICATION NUMBER | |
|---|---|---|
| CHENOWETH FOR CONGRESS COMMITTEE | C-00282020 | |
| FULL NAME, MAILING ADDRESS AND ZIP CODE OF LENDING INSTITUTION (LENDER) | AMOUNT OF LOAN | INTEREST RATE (APR) |
| WEST ONE BANK<br>101 So. Capital Blvd.<br>Boise, ID 83702 | 40,000.00 | 10% |
| | DATE INCURRED OR ESTABLISHED<br>11-23-94 | DATE DUE<br>11-23-95 |

A. Has loan been restructured? ☒ No ☐ Yes If yes, date originally incurred: _____

B. If line of credit, amount of this draw: _____ ; total outstanding balance: _____

C. Are other parties secondarily liable for the debt incurred?
☒ No ☐ Yes (Endorsers and guarantors must be reported on Schedule C.)

D. Are any of the following pledged as collateral for the loan: real estate, personal property, goods, negotiable instruments, certificates of deposit, chattel papers, stocks, accounts receivable, cash on deposit, or other similar traditional collateral?
☒ No ☐ Yes If yes, specify: _____

What is the value of this collateral? _____

Does the lender have a perfected security interest in it? ☐ No ☐ Yes

E. Are any future contributions or future receipts of interest income, pledged as collateral for the loan?

☒ No ☐ Yes If yes, specify: _____ What is the estimated value? _____

A depository account must be established pursuant to 11 CFR 100.7(b)(11)(i)(B) and 100.8(b)(12)(i)(B). Date account established: _____ Location of account: _____

F. If neither of the types of collateral described above was pledged for this loan, or if the amount pledged does not equal or exceed the loan amount, state the basis upon which this loan was made and the basis on which it assures repayment.

| G. COMMITTEE TREASURER | | DATE |
|---|---|---|
| TYPED NAME Wayne Crow | SIGNATURE Wayne Crow | 01-30-95 |

H. Attach a signed copy of the loan agreement.

I. TO BE SIGNED BY THE LENDING INSTITUTION:

I. To the best of this institution's knowledge, the terms of the loan and other information regarding the extension of the loan are accurate as stated above.

II. The loan was made on terms and conditions (incl. any interest rate) not more favorable at the time than those imposed for similar extensions of credit to other borrowers of comparable credit worthiness.

III. This institution is aware of the requirement that a loan must be made on a basis which assures repayment, and has complied with the requirements set forth at 11 CFR 100.7(b)(11) and 100.8(b)(12) in making this loan.

| AUTHORIZED REPRESENTATIVE | TITLE | DATE |
|---|---|---|
| [signature] | S.V.P. & Regional Administrator | 1/30/95 |

SCHEDULE C
Federal Election Commission LOANS

Page: 2 OF

Line Number

NAME OF COMMITTEE (in full)
Chenoweth for Congress C00282020

| NAME OF LOAN SOURCE (OR RECIPIENT) | ORIGINAL AMOUNT OF LOAN | CUMULATIVE PAYMENT TO DATE | BALANCE OUTSTANDING |
|---|---|---|---|
| Helen Chenoweth<br>6414 Irving Lane<br><br>Boise, ID 83704- | $ 40000.00 | $ 0.00 | $ 40000.00 |
| | Type of Election<br>[ X ] General | | |

| | DATE INCURRED | DATE DUE | INTEREST RATE(%apr) | SECURED |
|---|---|---|---|---|
| TERMS > | 11/23/94 | 11/23/95 | 10.25 | [ ] YES [X] NO |

LIST ALL ENDORSERS OR GUARANTORS(if any)

| | |
|---|---|
| SUBTOTALS THIS PERIOD THIS PAGE..... | $ 40000.00 |
| TOTALS THIS PERIOD (last page) | |

93044386013

# PROMISSORY NOTE

**Borrower:** HELEN P. CHENOWETH
1[illegible] BROADWAY AVENUE SUITE 102
BOISE, ID 8370[illegible]

**Lender:** West One Bank, Idaho
Plaza
101 South Capitol Boulevard
P.O. Box 9448
Boise, ID 83707

**Principal Amount:** $40,400.00 **Initial Rate:** 10.000% **Date of Note:** November 23, 1994

**PROMISE TO PAY.** HELEN P. CHENOWETH ("Borrower") promises to pay to West One Bank, Idaho ("Lender"), or order, in lawful money of the United States of America, the principal amount of Forty Thousand Four Hundred & 00/100 Dollars ($40,400.00), together with interest on the unpaid principal balance from November 23, 1994, until paid in full.

**PAYMENT.** Borrower will pay this loan in one principal payment of $40,400.00 plus interest on November 23, 1995. This payment due November 23, 1995, will be for all principal and accrued interest not yet paid. In addition, Borrower will pay regular quarterly payments of all accrued unpaid interest due as of each payment date, beginning February 23, 1995, with all subsequent interest payments to be due on the same day of each quarter after that. Interest on this Note is computed on a 365/365 simple interest basis; that is, by applying the ratio of the annual interest rate over the number of days in a year, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing. Unless otherwise agreed or required by applicable law, payments will be applied first to accrued unpaid interest, then to principal, and any remaining amount to any unpaid collection costs and late charges.

**VARIABLE INTEREST RATE.** The interest rate on this Note is subject to change from time to time based on changes in an index which is the West One Bank, Idaho Reference Rate (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans and is set by Lender in its sole discretion. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. Borrower understands that Lender may make loans based on other rates as well. The interest rate change will not occur more often than each month a change occurs. The Index currently is 8.500% per annum. The interest rate to be applied to the unpaid principal balance of this Note will be at a rate of 1.500 percentage points over the Index, resulting in an initial rate of 10.000% per annum. NOTICE: Under no circumstances will the interest rate on this Note be more than the maximum rate allowed by applicable law.

**PREPAYMENT; MINIMUM INTEREST CHARGE.** Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. In any event, even upon full prepayment of this Note, Borrower understands that Lender is entitled to a minimum interest charge of $7.50. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, they will reduce the principal balance due.

**DEFAULT.** Borrower will be in default if any of the following happens: (a) Borrower fails to make any payment when due. (b) Borrower breaks any promise Borrower has made to Lender, or Borrower fails to perform promptly at the time and strictly in the manner provided in this Note or any agreement related to this Note, or in any other agreement or loan Borrower has with Lender. (c) Any representation or statement made or furnished to Lender by Borrower or on Borrower's behalf is false or misleading in any material respect. (d) Borrower dies or becomes incompetent, a receiver is appointed for any part of Borrower's property, Borrower makes an assignment for the benefit of creditors, or any proceeding is commenced either by Borrower or against Borrower under any bankruptcy or insolvency laws. (e) Any creditor tries to take any of Borrower's property on or in which Lender has a lien or security interest. This includes a garnishment of any of Borrower's accounts with Lender. (f) Any of the events described in this default section occurs with respect to any guarantor of this Note. (g) Lender in good faith deems itself insecure.

**LENDER'S RIGHTS.** Upon default, Lender may declare the entire unpaid principal balance on this Note and all accrued unpaid interest immediately due, without notice, and then Borrower will pay that amount. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower also will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law. This Note has been delivered to Lender and accepted by Lender in the State of Idaho. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Ada County, the State of Idaho. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other. This Note shall be governed by and construed in accordance with the laws of the State of Idaho.

**RIGHT OF SETOFF.** Borrower grants to Lender a contractual possessory security interest in, and hereby assigns, conveys, delivers, pledges, and transfers to Lender all Borrower's right, title and interest in and to, Borrower's accounts with Lender (whether checking, savings, or some other account), including without limitation all accounts held jointly with someone else and all accounts Borrower may open in the future, excluding however all IRA, Keogh, and trust accounts. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on this Note against any and all such accounts.

**ADDITIONAL PROVISIONS.** This Note, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Note. There are no unwritten oral agreements between the Parties. No alteration of or amendment to this Note shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment. The written Loan Agreement may not be contradicted by evidence of any prior, contemporaneous, or subsequent oral agreements or understandings of the Parties.

**NOTICE LIMITING ORAL LENDING CONTRACTS.** UNDER IDAHO LAW (IDAHO CODE SECTION 9-806(5)), ANY PROMISE BY THE BANK TO GRANT OR EXTEND EXISTING CREDIT TO YOU MUST BE IN WRITING TO BE LEGALLY BINDING UPON THE BANK IF THE ORIGINAL AMOUNT OF SUCH CREDIT IS $50,000 OR MORE.

**GENERAL PROVISIONS.** Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, protest and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan, or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made.

**PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE AND ACKNOWLEDGES RECEIPT OF A COMPLETE COPY OF THE NOTE.**

RECEIVED
OFFICE OF RECORDS & LEGISLATION
1995 FEB -2 AM 9 36
OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES

# REPORT OF RECEIPTS AND DISBURSEMENTS

For Authorized Committees
(Summary Page)

USE FEC MAILING LABEL OR TYPE OR PRINT

1. NAME OF COMMITTEE (In full)
CHENOWETH FOR CONGRESS COMMITTEE

ADDRESS (number and street) ☐ Check if different than previously reported.
P. O. BOX 897

CITY, STATE and ZIP CODE — STATE/DISTRICT
BOISE, ID 83701 — IDAHO 1

155940

2. FEC IDENTIFICATION NUMBER
C- 00282020

3. IS THIS REPORT AN AMENDMENT?
☐ YES ☒ NO

## 4. TYPE OF REPORT

☐ April 15 Quarterly Report
☐ July 15 Quarterly Report
☐ October 15 Quarterly Report
☒ January 31 Year End Report
☐ July 31 Mid Year Report (Non-election Year Only)

☐ Twelfth day report preceding _____ (Type of Election) election on _____ in the State of _____
☐ Thirtieth day report following the General Election on _____ in the State of _____
☐ Termination Report

This report contains activity for: ☐ Primary Election ☒ General Election ☐ Special Election ☐ Runoff Election

## SUMMARY

| | | COLUMN A This Period | COLUMN B Calendar Year-to-Date |
|---|---|---|---|
| 5 | Covering Period 11-29-94 through 12-31-94 | | |
| 6 | Net Contributions (other than loans) | | |
| | (a) Total Contributions (other than loans) (from Line 11(e)) | 55,088.25 | 636,623.55 |
| | (b) Total Contribution Refunds (from Line 20(d)) | | 250.00 |
| | (c) Net Contributions (other than loans) (subtract Line 6(b) from 6(a)) | 55,088.25 | 636,373.55 |
| 7 | Net Operating Expenditures | | |
| | (a) Total Operating Expenditures (from Line 17) | 71,477.06 | 741,199.49 |
| | (b) Total Offsets to Operating Expenditures (from Line 14) | | 1,291.83 |
| | (c) Net Operating Expenditures (subtract Line 7(b) from 7(a)) | 71,477.06 | 739,907.66 |
| 8 | Cash on Hand at Close of Reporting Period (from Line 27) | 3,135.04 | |
| 9 | Debts and Obligations Owed TO the Committee (itemize all on Schedule C and/or Schedule D) | | |
| 10 | Debts and Obligations Owed BY the Committee (itemize all on Schedule C and/or Schedule D) | 170,190.38 | |

For further information contact:
Federal Election Commission
999 E Street, NW
Washington, DC 20463
Toll Free 800-424-9530
Local 202-219-3420

I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete.

Typed or Print Name of Treasurer
Wayne Crow

Signature of Treasurer
Wayne Crow

Date
1-30-95

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. §437g

FEC FORM 3
(revised 4/87)

Name of Committee (In Full)
CHENOWETH FOR CONGRESS C-00282020

| A. Full Name, Mailing Address and ZIP Code of Loan Source | Original Amount of Loan | Cumulative Payment To Date | Balance Outstanding at Close of This Period |
|---|---|---|---|
| Helen Chenoweth<br>6414 Irving Lane<br>Boise, Id 83704<br>Election: ☒ Primary ☐ General ☐ Other (specify): | 60,000.00 | 4,500.00 | 55,500.00 |

Terms: Date Incurred 4-12-94 Date Due 11-15-94 Interest Rate _____ % (apr) ☐ Secured

List All Endorsers or Guarantors (if any) to Item A

| | | |
|---|---|---|
| 1. Full Name, Mailing Address and ZIP Code | Name of Employer<br>Occupation<br>Amount Guaranteed Outstanding $ | |
| 2. Full Name, Mailing Address and ZIP Code | Name of Employer<br>Occupation<br>Amount Guaranteed Outstanding $ | |
| 3. Full Name, Mailing Address and ZIP Code | Name of Employer<br>Occupation<br>Amount Guaranteed Outstanding $ | |

| B. Full Name, Mailing Address and ZIP Code of Loan Source | Original Amount of Loan | Cumulative Payment To Date | Balance Outstanding at Close of This Period |
|---|---|---|---|
| Helen Chenoweth<br>6414 Irving Lane<br>Boise, Id 83704<br>Election: ☐ Primary ☒ General ☐ Other (specify): | 40,000.00 | | 40,000.00 |

Terms: Date Incurred 11-23-94 Date Due 11-23-95 Interest Rate 10% (apr) ☐ Secured

List All Endorsers or Guarantors (if any) to Item B

| | | |
|---|---|---|
| 1. Full Name, Mailing Address and ZIP Code | Name of Employer<br>Occupation<br>Amount Guaranteed Outstanding $ | |
| 2. Full Name, Mailing Address and ZIP Code | Name of Employer<br>Occupation<br>Amount Guaranteed Outstanding $ | |
| 3. Full Name, Mailing Address and ZIP Code | Name of Employer<br>Occupation<br>Amount Guaranteed Outstanding $ | |

| | |
|---|---|
| SUBTOTALS This Period This Page (optional) | 95,500.00 |
| TOTALS This Period (last page in this line only) | 98,500.00 |

Carry outstanding balance only to LINE 3, Schedule D, for this line. If no Schedule D, carry forward to appropriate line of Summary.

# REPORT OF RECEIPTS AND DISBURSEMENTS

For An Authorized Committee
(Summary Page)

COPY

| | |
|---|---|
| 1. NAME OF COMMITTEE (in full): Chenoweth for Congress | |
| ADDRESS (number and street): P.O. Box 897 — ☐ Check if different than previously reported | 2. FEC IDENTIFICATION NUMBER: C00282020 |
| CITY, STATE and ZIP CODE: Boise, ID 83701 — STATE/DISTRICT: IDAHO, 1st Dist. | 3. IS THIS REPORT AN AMENDMENT? ☐ YES ☒ NO |

## 4. TYPE OF REPORT

- ☐ April 15 Quarterly Report
- ☐ July 15 Quarterly Report
- ☐ October 15 Quarterly Report
- ☐ January 31 Year End Report
- ☒ July 31 Mid-Year Report (Non-election Year Only)
- ☐ Twelfth day report preceding _____ (Type of Election) election on _____ in the State of _____
- ☐ Thirtieth day report following the General Election on _____ in the State of _____
- ☐ Termination Report

This report contains activity for: ☒ Primary Election ☒ General Election ☐ Special Election ☐ Runoff Election

## SUMMARY

| 5. Covering Period 01/01/95 through 06/30/95 | COLUMN A This Period | COLUMN B Calendar Year-to-date |
|---|---|---|
| 6. Net Contributions (other than loans) | | |
| (a) Total Contributions(other than loans) (from Line 11(e)) | $122186.10 | $122186.10 |
| (b) Total Contribution Refunds (From Line 20(d)) | $0.00 | $0.00 |
| (c) Net Contributions (other than loans)(subtract Line 6(b) from 6(a)) | $122186.10 | $122186.10 |
| 7. Net Operating Expenditures | | |
| (a) Total Operating Expenditures (from Line 17) | $113303.47 | $113303.47 |
| (b) Total Offsets to Operating Expenditures (from Line 14) | $421.11 | $421.11 |
| (c) Net Operating Expenditures (Subtract Line 7(b) from 7(a)) | $112882.36 | $112882.36 |
| 8. Cash on Hand at Close of Reporting Period (from Line 27) | $11938.78 | |
| 9. Debts and Obligations Owed TO the Committee (Itemize all on Schedule C and/of Schedule D) | | |
| 10. Debts and Obligations Owed BY the Committee (Itemize all on Schedule C and/or Schedule D) | $151,675.14 | |

*I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete*

Type or Print Name of Treasurer: WAYNE CROW

Signature of Treasurer: Wayne Crow — Date: 7-31-95

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to penalties of 2 U.S.C. §437g

FEC FORM 3
(Revised 4/87)

NAME OF COMMITTEE(in Full)
Chenoweth for Congress C00282020

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

| Full Name Mailing Address | Purpose of Disbursement | Date MM/DD/YY | Amount |
|---|---|---|---|
| West One Bank | Interest on loan/001-0063 -1559683-9<br>Disbursement for [X]Primary | 03/08/95 | $1030.48 |
| West One Bank | Service Charge<br>Disbursement for [X]Primary | 03/31/95 | $100.75 |
| West One Bank | Service Charge<br>Disbursement for [X]Primary | 04/03/95 | $5.00 |
| West One Bank | Payroll taxes<br>Disbursement for [X]Primary | 04/18/95 | $766.27 |
| West One Bank | service charge<br>Disbursement for [X]Primary | 05/01/95 | $125.00 |
| West One Bank | Payroll tax-April<br>Disbursement for [X]Primary | 05/16/95 | $378.12 |
| West One Bank | interest-H.C. loan<br>Disbursement for [X]Primary | 05/31/95 | $1034.35 |
| West One Bank | Payroll tax<br>Disbursement for [X]Primary | 06/15/95 | $756.25 |
| Winfrey & Co. | consulting<br>Disbursement for [X]Primary | 06/15/95 | $1000.00 |
| Winfrey & Co. | fundraising<br>Disbursement for [X]Primary | 06/29/95 | $734.98 |
| Julia Zaher | Petty cash fund<br>Disbursement for [X]Primary | 03/28/95 | $100.00 |

SUBTOTAL of Disbursements This Page.....> $6031.20

TOTAL This Period.....>

## SCHEDULE I — EARNED INCOME

List the source, type, and amount of earned income from any source (other than the filer's current employment by the U.S. Government) totalling $200 or more during the preceding calendar year. For a spouse, list the source and amount of any honoraria; list only the source for other spouse earned income exceeding $1,000. For further information, see Instructions, pages 12-13.

| | Source | Type | Amount |
|---|---|---|---|
| Examples: | Jefferson University | Approved Teaching Fee | $6,800 |
| | State of Maryland | Legislative Pension | $9,000 |
| | Civil War Roundtable (Oct. 2nd) | Spouse Speech | $1,000 |
| | Fairfax County Board of Education | Spouse Salary | NA |
| | Consulting Associates, Inc. | Salary | 33,150. |

For payments to charity in lieu of honoraria, use Schedule II.

## SCHEDULE II — PAYMENTS IN LIEU OF HONORARIA MADE TO CHARITY

List the source, activity (i.e., speech, appearance, or article), date, and amount of any payment made by the sponsor of an event to a charitable organization in lieu of an honorarium. A separate confidential list of charities receiving such payments must be filed directly with the Committee on Standards of Official Conduct. An envelope for transmitting the list is included in each Member's filing package. For further information, see Instructions, pages 13–14.

| | Source | Activity | Date | Amount |
|---|---|---|---|---|
| Examples: | Association of American Associations, Wash., D.C | Speech | Feb. 2, 1994 | $2,000 |
| | XYZ Magazine | Article | Aug. 13, 1994 | $500 |
| | n/a | | | |

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Name HELEN P. CHENOWETH



# SCHEDULE III — ASSETS AND "UNEARNED" INCOME

**BLOCK A — Asset and/or Income Source**

Identify (a) each asset held for investment or production of income with a fair market value exceeding $1,000 at the end of the reporting year, and (b) any other asset or source of income which generated more than $200 in "unearned" income during the year. For rental property or land, provide an address. Provide full names of any mutual funds. For an IRA or retirement plan that is *self-directed*, list the underlying assets worth more than $1,000. For an IRA or retirement plan that is *not* self-directed, name the institution holding the account.

**Exclude:** Your personal residence(s) (unless there is rental income); any debt owed to you by your spouse, or by your or your spouse's child, parent, or sibling; any deposits totalling $5,000 or less in personal savings accounts; any financial interests in or income derived from U.S. Government retirement programs.

If you so choose, you may indicate that an asset or income source is that of your spouse (SP) or dependent child (DC) or is jointly held (JT), in the optional column on the far left.

For further information, see Instructions, pages 14-20.

**BLOCK B — Value of Asset**

at close of reporting year. If you use a valuation method other than fair market value, please specify the method used. If an asset was sold and is included only because it generated income, the value should be "None."

**BLOCK C — Type of Income**

If other than one of the listed categories, specify the type of income by writing a brief description in this block.

**BLOCK D — Amount of Income**

For IRA's and retirement plans that are *not* self-directed, you may write in "NA" for income.

**BLOCK E — Transaction**

Indicate if asset was purchased (P), sold (S), or exchanged (E) in reporting year.

| SP, DC, JT | Asset | A None | B $1 – $1,000 | C $1,001 – $15,000 | D $15,001 – $50,000 | E $50,001 – $100,000 | F $100,001 – $250,000 | G $250,001 – $500,000 | H $500,001 – $1,000,000 | Over $1,000,000 | DIVIDENDS | RENT | INTEREST | CAPITAL GAINS | EXCEPTED TRUST | QUALIFIED BLIND TRUST | I None | II $1 – $200 | III $201 – $1,000 | IV $1,001 – $2,500 | V $2,501 – $5,000 | VI $5,001 – $15,000 | VII $15,001 – $50,000 | VIII $50,001 – $100,000 | IX $100,001 – $1,000,000 | Over $1,000,000 | P, S, E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SP | Mega Corp. Stock | | | X | | | | | | | X | | | | | | | | X | | | | | | | | P |
| DC | 123 Main St., Dover, Del. | | | | | | | X | | | | X | | | | | | | | | | X | | | | | |
| JT | 1st Bank of Peoria, IL accounts | | | | X | | | | | | | | X | | | | | | | X | | | | | | | |
| | Consulting Assoc. Inc.-Common Stock | | X | | | | | | | | X | | | | | | X | | | | | | | | | | |
| | Land, Rt #1, Ocofino, ID | | | | X | | | | | | | X | | | | | X | | | | | | | | | | S |
| | Note - Chenoweth for Congress | | | | X | | | | | | | | X | | | | X | | | | | | | | | | |

For additional assets and unearned income, use next page.

## SCHEDULE IV — TRANSACTIONS

Name HELEN P. CHENOWETH



Report any purchase, sale, or exchange by you, your spouse, or dependent child during the reporting year of any real property, stocks, bonds, commodities futures, or other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction between you, your spouse, or your dependent child, or the purchase or sale of your personal residence, unless it is rented out. For further information, see Instructions, pages 20–21.

| SP, DC, JT | Asset | Type of Transaction: PURCHASE | SALE | EXCHANGE | Date (MO/DAY/YR) | Amount of Transaction: B $1,001–$15,000 | C $15,001–$50,000 | D $50,001–$100,000 | E $100,001–$250,000 | F $250,001–$500,000 | G $500,001–$1,000,000 | H over $1,000,000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SP | *Example:* Mega Corporation Common Stock | X | | | 10-12-94 | | X | | | | | |
| | Land, Rt # 1 Orofino, ID | | X | | 5-1-94 | | | X | | | | |

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## SCHEDULE V — LIABILITIES

Report liabilities of over $10,000 owed to any one creditor *at any time* during the reporting period by you, your spouse, or dependent child. Mark the highest amount owed during the year. Exclude: Any mortgage on your personal residence (unless it is rented out); loans secured by automobiles, household furniture, or appliances; and liabilities owed to a spouse, or the child, parent, or sibling of you or your spouse. Report *revolving charge accounts* only if the balance at the end of the reporting period exceeded $10,000. For further information, see instructions, pages 21–22.

| SP, DC, JT | Creditor | Type of Liability | Amount of Liability: B $10,001–$15,000 | C $15,001–$50,000 | D $50,001–$100,000 | E $100,001–$250,000 | F $250,001–$500,000 | G $500,001–$1,000,000 | H over $1,000,000 |
|---|---|---|---|---|---|---|---|---|---|
| Example | First Bank of Wilmington, Delaware | Mortgage on 123 Main St., Dover, Del. | | | | X | | | |
| | West One Bank, Boise, ID | Note | | X | | | | | |
| | Virginia Dinnison, Orofino, ID | Mtg on land, Rt 1 Orofino, ID | X | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

## SCHEDULE VI — GIFTS

Report the source, a brief description, and the value of all gifts totalling more than $250 received by you, your spouse, or a dependent child from any source during the year.

Exclude: Gifts from relatives, gifts of personal hospitality of an individual, local meals, and gifts to a spouse or dependent child that are totally independent of his or her relationship to you. Gifts with a value of $100 or less need not be added towards the $250 disclosure threshold.

Note: House Rule 43, clause 4, prohibits most gifts exceeding $250. For further information, see instructions, pages 22–23.

| Source | Description | Value |
|---|---|---|
| Example: Mr. Joseph H. Smith, Anytown, Anystate | Silver Platter (waiver received from Committee on Standards) | $270 |
| N/A | | |
| | | |
| | | |
| | | |
| | | |

Use additional sheets if more space is required.

## SCHEDULE VII —FACT-FINDING, SUBSTANTIAL PARTICIPATION, AND OTHER TRAVEL

Identify the source and list travel itinerary, dates, and nature of expenses provided for travel and travel-related expenses totalling more than $250 received by you, your spouse, or a dependent child during the reporting period. Indicate whether a family member accompanied the traveler at the sponsor's expense, and the amount of time, if any, that was not at the sponsor's expense. Disclosure is required regardless of whether the expenses were reimbursed or paid directly by the sponsor.

Exclude: Travel-related expenses provided by federal, state, and local governments, or by a foreign government required to be separately reported under the Foreign Gifts and Decorations Act (5 U.S.C. § 7342); travel paid for by campaign funds; travel provided to a spouse or dependent child that is totally independent of his or her relationship to you. For further information, see instructions, pages 24–25.

| Source | Date(s) | Point of Departure—Destination—Point of Return | Lodging? (Y/N) | Food? (Y/N) | Was a Family Member Included? (Y/N) | Any time not at sponsor's expense |
|---|---|---|---|---|---|---|
| *Examples:* Chicago Chamber of Commerce | Mar. 2 | Wash., D.C.—Chicago—Wash., D.C. | N | N | N | N |
| Mega Corporation | Aug. 6–13 | Wash., D.C.—Los Angeles—Cleveland | Y | Y | Y | 4 Days |
| N/A | | | | | | |

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## SCHEDULE VIII — POSITIONS

Report all positions, compensated or uncompensated, held during the current calendar year as an officer, director, trustee of an organization, partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise, any nonprofit organization, any labor organization, or any educational or other institution other than the United States. For further information, see instructions, pages 25–26.

Exclude: Positions held in any religious, social, fraternal, or political entities; positions solely of an honorary nature; and positions listed on Schedule I.

| Position | Name of Organization |
|---|---|
| Secretary - Treasurer | Consulting Associates, Inc. |
| Addhoc Member (unpaid) | Idaho Family Forum |
| Board of Director (unpaid) | Center for the Study of Market Alternatives |
| | |
| | |
| | |

## SCHEDULE IX — AGREEMENTS

Identify the date, parties to, and general terms of any agreement or arrangement with respect to: future employment; a leave of absence during the period of government service; continuation or deferral of payments by a former or current employer other than the U.S. Government; or continuing participation in an employee welfare or benefit plan maintained by a former employer. For further information, see instructions, page 26.

| Date | Parties To | Terms of Agreement |
|---|---|---|
| | N/A | |
| | | |
| | | |
| | | |
| | | |
| | | |



Use additional sheets if more space is required.

UNITED STATES HOUSE OF REPRESENTATIVES

FINANCIAL DISCLOSURE STATEMENT FOR CALENDAR YEAR 1994

FORM A
For use by Members, officers, and employees

(8)

95 MAY 15 PM 4:07

HAND DELIVERED

mc (Office Use Only)

HELEN P. CHENOWETH
(Full Name)

1719 Longworth HOB
(Mailing Address)

202-225-6611
Daytime Telephone

Washington DC 20515

| | | | | |
|---|---|---|---|---|
| Filer Status | [X] Member of the U.S. House of Representatives | State: IDAHO District: 1 | [ ] Officer or Employee | Employing Office: |
| Report Type | [X] Annual (May 15) | [ ] Amendment | [ ] Termination | Termination Date: |

**A $200 penalty shall be assessed against anyone who files more than 30 days late.**

## PRELIMINARY INFORMATION — ANSWER EACH OF THESE QUESTIONS

| | | | | | |
|---|---|---|---|---|---|
| I. Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? If yes, complete and attach Schedule I. | Yes [X] | No [ ] | VI. Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than $250 and not otherwise exempt)? If yes, complete and attach Schedule VI. | Yes [ ] | No [X] |
| II. Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? If yes, complete and attach Schedule II. | Yes [ ] | No [X] | VII. Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $250 from one source)? If yes, complete and attach Schedule VII. | Yes [ ] | No [X] |
| III. Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? If yes, complete and attach Schedule III. | Yes [X] | No [ ] | VIII. Did you hold any reportable positions on or before the date of filing in the current calendar year? If yes, complete and attach Schedule VIII. | Yes [X] | No [ ] |
| IV. Did you, your spouse, or dependent child purchase, sell, or exchange any reportable asset worth more than $1,000 in the reporting period? If yes, complete and attach Schedule IV. | Yes [X] | No [ ] | IX. Did you have any reportable agreement or arrangement with an outside entity? If yes, complete and attach Schedule IX. | Yes [ ] | No [X] |
| V. Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? If yes, complete and attach Schedule V. | Yes [X] | No [ ] | **Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.** | | |

## EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION — ANSWER EACH OF THESE QUESTIONS

| | | |
|---|---|---|
| TRUSTS—Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child? (See Instructions, pages 10–11.) | Yes [ ] | No [X] |
| EXEMPTION—Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption? (See Instructions, page 11.) | Yes [ ] | No [X] |

## CERTIFICATION — THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil and criminal sanctions (See 5 U.S.C. app. 6, §104 and 18 U.S.C. §1001).

SIGNATURE OF REPORTING INDIVIDUAL: Helen P. Chenoweth, MC

DATE (Month/Day/Year)

FEDERAL ELECTION COMMISSION
Washington, DC 20463

November 29, 1995

William L. Mauk, Chair
Idaho Democratic Party
P.O. Box 445
Boise, Idaho 83701

RE: MUR 4283

Dear Mr. Mauk:

This letter acknowledges receipt on November 21, 1995, of your complaint 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.

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 4283. 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 (MBS)

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosure
Procedures

9804 3600027

FEDERAL ELECTION COMMISSION
Washington, DC 20463

November 29, 1995

Wayne Crow, Treasurer
Chenoweth for Congress
P.O. BOX 897
Boise, Idaho 83701

RE: MUR 4283

Dear Mr. Crow:

The Federal Election Commission received a complaint which indicates that Chenoweth for Congress ("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 4283. Please refer to this number in all future correspondence.

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

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

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 (HES)

Mary L. Taksar, Attorney
Central Enforcement Docket

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

FEDERAL ELECTION COMMISSION
Washington, DC 20463

November 29, 1995

The Honorable Helen Chenoweth
1719 Longworth HOB
Washington, D.C. 20515

RE: MUR 4283

Dear Ms. Chenoweth:

The Federal Election Commission received a complaint which indicates that you may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4283. Please refer to this number in all future correspondence.

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

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

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 (yes)

Mary L. Taksar, Attorney
Central Enforcement Docket

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

FEDERAL ELECTION COMMISSION
Washington, DC 20463

November 29, 1995

Robert J. Lane, President
West One Bank
101 South Capitol Boulevard
Boise, Idaho 83733

RE: MUR 4283

Dear Mr. Lane:

The Federal Election Commission received a complaint which indicates that West One Bank 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 4283. 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 West One Bank in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

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

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 (HRS)

Mary L. Taksar, Attorney
Central Enforcement Docket

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

STATEMENT OF DESIGNATION OF COUNSEL

MUR 4283

NAME OF COUNSEL: JOHN C. KEENAN

FIRM: Goicoechea Law Offices

ADDRESS: PO Box 340

Nampa ID 83653

TELEPHONE: (208) 466 0030

FAX: (208) 466-8903

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

DEC 11 2 23 PM '95

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.

6 Dec 95
Date

Helen Chenoweth
Signature

RESPONDENT'S NAME: Helen P. Chenoweth M.C.

ADDRESS: 1719 Longworth H.O.B.

Washington, D.C. 20515

TELEPHONE: HOME( )

BUSINESS (202) 225-6611

9804386003 4

LAW OFFICES
WEBSTER, CHAMBERLAIN & BEAN
1747 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20006
(202) 785-9500
FAX: (202) 835-0243

GEORGE D. WEBSTER
ARTHUR L. HEROLD
ALAN P. DYE
EDWARD D. COLEMAN
BURKETT VAN KIRK
FRANK M. NORTHAM
GERARD P. PANARO
JOHN W. HAZARD, JR.
CHARLES M. WATKINS
HUGH K. WEBSTER
DAVID P. GOCH
BRENLEY LOCKE ELIAS

OF COUNSEL
CHARLES E. CHAMBERLAIN
J. COLEMAN BEAN

December 13, 1995

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
Dec 13 3 51 PM '95

Mary L. Taksar, Esquire
Office of General Counsel
**FEDERAL ELECTION COMMISSION**
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 4283/West One Bank

Dear Ms. Taksar:

Enclosed is a Designation of Counsel form designating Art Herold and myself as counsel for West One Bank. Since we have just been retained as counsel and have several personal and business commitments during the holiday season, on behalf of West One Bank, we request an extension of time to January 19, 1996 within which to file a response to the complaint in MUR 4283.

Your cooperation and assistance are appreciated.

Sincerely,

Frank

Frank M. Northam

FMN/jc
Enclosure
cc: John Ward, Esq.

TAKSAR.D13

STATEMENT OF DESIGNATION OF COUNSEL

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
DEC 13 3 51 PM '95

MUR 4283

NAME OF COUNSEL: Arthur L. Herold and Frank M. Northam

FIRM: Webster, Chamberlain & Bean

ADDRESS: 1747 Pennsylvania Avenue NW
Suite 1000
Washington D.C. 20006

TELEPHONE: ( 202 ) 785-9500

FAX: ( 202 ) 835-0243

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.

12-12-95
Date

John C. Ward Signature By: West One Bank, Idaho
Its: Vice President & General Counsel

RESPONDENTS NAME: West One Bank, Idaho

ADDRESS: 101 S. Capitol Blvd.
Dept. #3-2013
Boise, Idaho 83702

TELEPHONE: HOME( )

BUSINESS( 208 ) 383-7038

9304386006

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 15, 1995

Frank M. Northam, Esquire
Webster, Chamberlain & Bean
1747 Pennsylvania Ave., N.W.
Suite 1000
Washington, D.C. 20006

RE: MUR 4283
West One Bank

Dear Mr. Northam:

This is in response to your letter dated December 13, 1995, requesting an extension until January 19, 1996 to respond to the complaint filed in the above-noted matter.

Considering the Federal Election Commission's responsibilities to act expeditiously in the conduct of investigations, the Office of General Counsel cannot grant your full request, but can only agree to a 30 day extension. Accordingly, the response is due by the close of business on January 17, 1996.

If you have any questions, please contact the Central Enforcement Docket at (202) 219-3400.

Sincerely,

Karen White

Karen White, Paralegal
Central Enforcement Docket

9804386007

JOHN C. KEENAN
Attorney at Law
900 Central Boomer Street
Nampa, Idaho 83651

Phone (208) 466-0830
Fax (208) 466-0903

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
DEC 15 3 00 PM '95

12/14/1995

Ms. Mary L. Taksar, Attorney
Central Enforcement Docket
Federal Election Commission
Washington, D.C. 20463

Re: The Honorable Helen P. Chenoweth, M.C.
Chenoweth for Congress Committee
MUR 4283

Dear Ms. Taksar:

I earlier forwarded you an original copy of the "Statement of Designation of Counsel" and a copy of same is enclosed for your reference. The purpose of this letter is to formally respond to Mr. William L. Mauk, Esq., Chair, Idaho Democratic Party relevant to his filed complaint dated November 20, 1995.

The focus of Mr. Mauk's complaint appears on page 2 of his letter, wherein he alleges that there were three "probable FEC violations: (1) the making of a prohibited contribution by a bank to a federal election campaign; (2) the making of a loan from a bank to a federal candidate or her campaign committee with no security or other prudent assurance of repayment and, (3) the erroneous, if not false, reporting of mandatory disclosure details regarding the transaction."

These accusations will be responded to one at a time. Let me note first that the loan was not a contribution within the meaning of the FEC laws, as it was done in the normal course of the bank's business based upon Mrs. Chenoweth's creditworthiness, her assets that far exceeded the obligation involved, and her long term relationship with the bank, and that the loan was in accordance with all applicable laws. In addition, there is absolutely no criminal or intentional conduct involved whatsoever.

1. The loan. First, the loan amount was for $40,400.00 and the $400 additional monies was not included because it was part of the costs covering the loan. The listing of the loan at $40,000.00 instead of $40,400.00 was inadvertent. It was listed in the FEC report filed by the Committee with the FEC on December 12, 1994. Mrs. Chenoweth went to West One Bank after the election to help deal with some of the immediate debts outstanding with her campaign. Her loan was at arms length and was done in the normal course of business. To the best of my knowledge, Mrs. Chenoweth has banked with West One Bank (and its predecessor-in-interest Idaho First National Bank) for 20 years. Her personal and business banking was done through West One including financing for various projects she worked on over the years through her prior business. Her ability to obtain a loan of $40,000.00 was nothing new with West One Bank. In addition, her assets far exceeded what she owed on such loan. For instance, on her private residence in the First District of Idaho, she purchased a condominium in 1990 with an assessed value of $72,000 and only owed an approximate $30,000 mortgage on the condominium at that time. The condominium has grown in value and is presently valued at approximately $91,000.00. At the time she obtained the loan in question from West One, she still owed on the original mortgage on the home and no further encumbrances were placed on the condominium over the years.

The Federal Campaign laws state that there is no "contribution" within the meaning of the statute involving:

> any loan of money by a State bank, a federally chartered depository institution, or a depository institution the deposits or accounts of which are insured by the Federal Deposit Insurance Corporation . . . made in accordance with applicable law and in the ordinary course of business, but such loan-- (I) shall be considered a loan by such endorser or guarantor, in that proportion of the unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors; (II) shall be made on a basis which assures repayment, evidenced by a written instrument, and subject to a due date or amortization schedule; and (III) shall bear the usual and customary interest rate of the lending institution[.]

Title II, Chapter 14, Section 431, (8)(B)(vii). The Campaign Guide for Congressional and Candidates (See, said Guide, p. 13) clearly repeats the same thing as outlined and quoted directly above. The criteria include (1) bears the bank's usual and customary interest rate for the category of loan involved, (2) is evidenced by a written instrument, (3) is subject to a due date or amortization schedule, and (4) is made on a basis which assures repayment. The methods of assuring repayment include collateral, guarantees or endorsements, or pledge of future receipts.

9804386003

With regard to the loan in question, the initial interest rate was 10.00% with a variable amount as outlined in the promissory note, fluctuating based upon an index as outlined in the promissory note. There was nothing unusual about this interest rate and it was within the usual and customary interest rate for the loan involved. Mrs. Chenoweth's assets more than covered the loan involved. She had long established her creditworthiness with her bank, evidenced by years of her professional and private business relationship with her West One Bank. The loan was evidenced by a written instrument and the due date for principal and interest was for November 23, 1995. Mrs. Chenoweth and the Committee met her interest obligations over the last year and paid the loan in question off by refinancing the loan in question by securing her real property located in Boise, Idaho in November, 1995. With regard to the loan in question, Mrs. Chenoweth signed a guarantee in the form of a promissory note. Prior to becoming a candidate for Congress, it was not unusual for Mrs. Chenoweth to sign a personal guarantee in the form of a promissory note for a loan, credit line, or credit card on behalf of the corporation she worked for and whom she was the secretary-treasurer.

Mrs. Chenoweth had stated her campaign was in touch with FEC lawyers. Mrs. Chenoweth's comments were based on a miscommunication from her treasurer; the campaign had received advice through the National Republican Congressional Committee, not the FEC.

II. Erroneous filings. The campaign committee at first reported the loan as having come from Helen Chenoweth. Such designation was made because it notes in the Guidebook, that a candidate or his committee can obtain a loan. Mrs. Chenoweth obtained this loan to clear debts and obligations not incurred personally but on behalf of the Committee. The Treasurer designated the loan as having come from her. At the end of January, 1995, he obtained a statement from the West One Bank loan officer and provided that to the FEC disclosing the details of the loan.

Any problems with the reporting of the loan have been corrected. The record clearly shows that there was never any attempt to falsify or "hide" the loan, and any errors made in reporting the loan were harmless mistakes based on a plain reading of the relevant guidelines.

In closing, please note that it is our position that the loan was legal and done according to the law. Most recently, I inquired of a non-lawyer on the FEC staff and posed the question regarding the same scenario involving the loan in question, and the response was that a loan involving only a promissory note was completely legal as long as it was in the normal course of business of the bank and bore the customary interest rate. The creditworthiness of the borrower was also a factor. Furthermore, it should be noted that in response to concerns raised in the news media regarding the loan, Mrs. Chenoweth promptly went the extra mile by securing the loan with a second mortgage on her residence.

If you have any further questions or if you need further information, I will be very glad to respond as soon as possible. Thank you.

Sincerely,

JOHN C. KEENAN
Attorney for Chenoweth
for Congress Committee

JK

9 8 0 4 7 8 6 0 0 5 9

IDAHO STATE DEMOCRATIC PARTY

P.O. Box 445
Boise, ID 83701
Phone (208) 336-1815
Toll Free in Idaho 1-800-542-1SDP (4717)
FAX (208) 336-3817

JAN 11 11 23 AM '96

January 9, 1996

Lawrence M. Noble, Esq.
Office of General Counsel
Federal Election Commission
Sixth Floor
999 E Street, N.W.
Washington, D.C. 20463

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

JAN 16 1 57 PM '96

Re: Amended Complaint Against Helen Chenoweth
Member of Congress
Idaho-First Congressional District (MUR 4283)

Dear Mr. Noble:

The undersigned files this amended complaint charging violations of the Federal Election Campaign Act of 1971, as amended ("FECA" or the "Act"), 2 U.S.C. §§431 et seq. and related regulations of the Federal Election Commission ("FEC"), 11 C.F.R. §§100.1 et seq., by Helen Chenoweth, the Chenoweth for Congress Committee, Wayne Crow, as treasurer of the Chenoweth for Congress Committee and Consulting Associates, Inc. (referred to collectively as "Respondents").[1]

Publicly available records – principally, U.S. House of Representative Financial Disclosure Statements and FEC Receipts and Disbursement Reports – indicate that during the course of the 1993-1994 election cycle Congresswoman Chenoweth and her campaign committee engaged in a series of transactions with a corporate entity known as Consulting Associates, Inc., which appear to violate federal election laws and may involve criminal misconduct. These impermissible transactions fall into two categories: (1) corporate contributions and expenditures for election campaign purposes, in violation of 2 U.S.C. §441b and (2) conversion of campaign funds for the candidate's personal use, in violation of 2 U.S.C. §439a. The details of these complaints are explained below and amplified by the enclosed documents and the records of the FEC.[2]

---

[1] This filing supplements the FEC Complaint mailed to you on November 20, 1995, involving the same candidate and campaign committee.

[2] All of the enclosed documents are excepts from reports obtained from the FEC and the Clerk of the U.S. House of Representatives and better copies, if necessary, may be obtained directly from these agencies.

Paid for by Idaho State Democratic Central Committee, Carolyn Boyce, Treasurer

Remember to check your income tax form for "Tax Check-Off" for the Democratic Party. Thank you.

## 1. ILLEGAL CORPORATE LOANS & EXPENDITURES

According to the Receipts and Disbursement Report filed by the Chenoweth for Congress Committee for the period May 25 through June 30, 1993, Consulting Associates, Inc. loaned $1750.00 to candidate Chenoweth, which loan was later repaid from campaign funds. (Exhibit A). More recently, the Report for the period November 29 through December 31, 1994 shows an expenditure to Consulting Associates, Inc. of $2500.00 identified as a "travel disbursement." (Exhibit D). Since this business is not a travel agency, such payment appears clearly to have been a reimbursement for an advance of campaign expenses by the corporation.

As you are aware, the FECA declares that it is unlawful for any corporation to make a contribution in connection with any general or primary election for the U.S. House of Representatives and further prohibits any candidate or political committee from knowingly accepting or receiving such contribution. For the purpose of these prohibitions a "contribution" includes "any . . . loan, advance or anything of value made by any person (or entity) for the purpose of influencing any election for Federal office." 2 U.S.C. §431(8)(A).

Consulting Associates is an Idaho corporation in which Helen Chenoweth is a principal owner, officer and employee. The clear appearance is that the candidate has knowingly utilized the resources of the corporation to advance her political campaign efforts in an attempt to circumvent federal laws precluding corporate entities from financially influencing federal elections.

## 2. PERSONAL USE OF CAMPAIGN FUNDS

Other FEC Reports filed by the Chenoweth for Congress Committee covering various periods throughout her 1993 and 1994 campaign reflect significant expenditures and debts incurred to Consulting Associates, Inc. totalling over $35,000. (Exhibits B, C, D & E). A description of these payments include "rental," phone expense," "office/equipment rental" and "consulting fees." At the same time Mr. Chenoweth's campaign was making these disbursements, the candidate was the secretary and treasurer of the corporation and relied upon its consulting and other services as her principal, if not exclusive, source of income. Financial Disclosure Statements filed with the Clerk of the U.S. House of Representatives reflect salaries paid to Ms. Chenoweth

during this interval from Consulting Associates of at least $55,000.[3]

In 1994 Ms. Chenoweth was involved in a hotly contested primary in May and an even more consuming general election in November. Public appearances and reliable information from close observers are that these campaigns were virtually full-time commitments by the candidate. Despite this, surprisingly, the House Financial Disclosure Statements reflect that Ms. Chenoweth's salary from Consulting Associates increased during her 1994 campaign, as compared to the prior, nonelection year.

We further think the FEC should take particular note of page 16 of the "Itemized Disbursements" from the Report dated January 30, 1995, covering November 29, 1994 through December 31, 1994. (Exhibit E). This Report declares a debt incurred to Consulting Associates of $8,349.11 for "consulting primary," with a then-current payment of $2,500. If, as it appears, this reflects expenses for consulting incurred during the 1994 primary election campaign, why is this obligation reported for the first time in 1995? No mention of this obligation is found in prior (1994) reports. If the corporation provided actual services to the primary campaign, there is every appearance from the campaign disclosures that the corporation advanced consulting services and sought no payment until months later, after the candidate's successful November 1994 election -- a further violation of 2 U.S.C. §441b

The FECA and federal criminal laws prohibit the Chenoweth Campaign from making payments to Consulting Associates in order to support its ability to pay Ms. Chenoweth's salary. Specifically, Section 439a of the FECA expressly prohibits a candidate from converting campaign funds to personal use. 2 U.S.C. §439a. All indications from the available public records are that Ms. Chenoweth was paying herself directly or indirectly for "consulting" services to her own campaign. By funneling money from her campaign through Consulting Associates, Inc., it appears that Ms. Chenoweth was able to launder political contributions for her personal gain. This use would constitute precisely the kind of activity that undermines public confidence in the process of financing congressional elections. No candidates for federal office should be permitted to personally profit from her election campaign.

The information and documents provided to you at this time are the best evidence available to us from public records. At the very least they strongly suggest improper,

---

[3] It is difficult to discern from the Statements, given the manner of reporting, precisely how much income was attributable from Consulting Associates, Inc. during 1993-1994.

collusive conduct by the candidate, her campaign committee and her corporate enterprise, warranting further investigation and compelling the candidate and committee to disclose complete documentation of these questionable transactions, their purpose and application. It is our specific request that the Commission determine with confidence whether illegal corporate loans and advances were made by Consulting Associate, Inc. and whether campaign funds were paid to this business as a subterfuge for paying Ms. Chenoweth's "salary."

In the event that the Commission finds that Consulting Associate, Inc. made illicit contributions or was used to launder campaign contributions for Ms. Chenoweth's personal use, the undersigned requests that the Commission vigorously pursue the enforcement of penalties for all violations of the FECA and refer all potential criminal violations to the Justice Department for Grand Jury investigation.

Respectfully submitted,

William L. Mauk, Chair
Idaho Democratic Party

SUBSCRIBED AND SWORN to before me, the undersigned Notary in and for said State, this 9th day of January, 1995.

Kay Lynn Moorhouse
NOTARY PUBLIC For Idaho
Residing at Boise, therein.
My Commission expires 9/6/00

9 3 0 4 3 8 6 0 0 4 3

REGULAR MAIL

NOV - 1 1993

# REPORT OF RECEIPTS AND DISBURSEMENTS

For An Authorized Committee
(Summary Page)

RECEIVED
FEDERAL ELECTION
COMMISSION
ADMINISTRATION

155940

USE PRC MAILING LABEL OR TYPE OR PRINT

1. NAME OF COMMITTEE (in full)

CITIZENS FOR CONGRESS COMMITTEE

ADDRESS (number and street) | | Check if different than previously reported

P.O. BOX 897

CITY STATE and ZIP CODE

BOISE, ID 83701-0897

STATE/DISTRICT

2. FEC IDENTIFICATION NUMBER

C 00283020

3. IS THIS COMMITTEE AN AUTHORIZED COMMITTEE?

[X] YES | | NO

## 4. TYPE OF REPORT

| | April 15 Quarterly Report

| | July 15 Quarterly Report

| | October 15 Quarterly Report

| | January 31 Year End Report

[X] July 31 Mid Year Report (Non-election Year Only)

| | Twenty-day report preceding election on (Type of Election) in the State of

| | Twenty-day report following the General Election on in the State of

| | Termination Report

This report covers activity for [X] Primary Election | | General Election | | Special Election | | Runoff Election

93 NOV -8 AM 10 39

FEDERAL ELECTION COMMISSION

## SUMMARY

5. Covering Period 5/25/93 through 6/30/93

| | COLUMN A This Period | COLUMN B Calendar Year to Date |
|---|---|---|
| 6. Net Contributions (other than loans) | | |
| (a) Total Contributions (other than loans) (from Line 11(c)) | 1,351.00 | 3,351.00 |
| (b) Total Contributions Refunds (from Line 20(c)) | - | |
| (c) Net Contributions (other than loans) (subtract Line 6(b) from 6(a)) | 3,351.00 | 3,351.00 |
| 7. Net Operating Expenditures | | |
| (a) Total Operating Expenditures (from Line 17) | 3,442.86 | 3,442.86 |
| (b) Total Offsets to Operating Expenditures (from Line 14) | | |
| (c) Net Operating Expenditures (subtract Line 7(b) from 7(a)) | 3,442.86 | 3,442.86 |
| 8. Cash on Hand at Close of Reporting Period (from Line 27) | ( 91.86) | |
| 9. Debts and Obligations Owed TO the Committee (Itemize all on Schedule C and/or Schedule D) | | |
| 10. Debts and Obligations Owed BY the Committee (Itemize all on Schedule C and/or Schedule D) | 1,795.90 | |

For further information contact:
Federal Election Commission
999 E Street NW
Washington, DC 20463
Toll Free (800) 424-9530
Local (202) 219-3690

I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete.

Typed Name and Title of Treasurer

KAYLENE CRAIG

Signature of Treasurer

Date

NOTE: Submission of false, fictitious, or fraudulent information may subject the person signing this Report to the penalties of 18 U.S.C. 1001.

FEC FORM 3

EXHIBIT A

(Revised 3/85)

# LOANS

Name of Committee (in Full)
CHENOWETH FOR CONGRESS COMMITTEE

| A. Full Name, Mailing Address and ZIP Code of Loan Source | Original Amount of Loan | Cumulative Payment To Date | Balance Outstanding at Close of This Period |
|---|---|---|---|
| CONSULTING ASSOCIATES INC.<br>1843 BROADWAY #102<br>BOISE, ID 83706<br>Election ☒ Primary ☐ General ☐ Other (specify) | 1,250.00 | 1,250.00 | -0- |

Terms Date Incurred 5-25-93 Date Due 6-30-93 Interest Rate _____ % (apr) ☐ Secured

List All Endorsers or Guarantors (if any) to Item A

| Full Name, Mailing Address and ZIP Code | Name of Employer / Occupation / Amount Guaranteed Outstanding |
|---|---|
| 1. HELEN CHENOWETH<br>6914 IRVING LN<br>BOISE, ID 83704 | Name of Employer: CONSULTING ASSOC.<br>Occupation: CONSULTANT<br>Amount Guaranteed Outstanding: $ 1,250.00 |
| 2. | Name of Employer:<br>Occupation:<br>Amount Guaranteed Outstanding: $ |
| 3. | Name of Employer:<br>Occupation:<br>Amount Guaranteed Outstanding: $ |

| B. Full Name, Mailing Address and ZIP Code of Loan Source | Original Amount of Loan | Cumulative Payment To Date | Balance Outstanding at Close of This Period |
|---|---|---|---|
| CONSULTING ASSOCIATES INC.<br>1843 BROADWAY #102<br>BOISE, ID 83706<br>Election ☒ Primary ☐ General ☐ Other (specify) | 500.00 | 500.00 | -0- |

Terms Date Incurred 6-11-93 Date Due 6-30-93 Interest Rate _____ % (apr) ☐ Secured

List All Endorsers or Guarantors (if any) to Item B

| Full Name, Mailing Address and ZIP Code | Name of Employer / Occupation / Amount Guaranteed Outstanding |
|---|---|
| 1. HELEN CHENOWETH<br>6914 IRVING LN<br>BOISE, ID 83704 | Name of Employer: CONSULTING ASSOC.<br>Occupation: CONSULTANT<br>Amount Guaranteed Outstanding: $ 500.00 |
| 2. | Name of Employer:<br>Occupation:<br>Amount Guaranteed Outstanding: $ |
| 3. | Name of Employer:<br>Occupation:<br>Amount Guaranteed Outstanding: $ |

| | |
|---|---|
| SUBTOTALS This Period This Page (optional) | -0- |
| TOTALS This Period (last page in this line only) | -0- |

Carry outstanding balance only to LINE 3, Schedule D for this line. If no Schedule D, carry forward to appropriate line of Summary.

SCHEDULE B ITEMIZED DISBURSEMENTS

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

PAGE 1 OF 1

FOR LINE NUMBER 19 (a)

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

NAME OF COMMITTEE (In Full)

CHENOWETH FOR CONGRESS COMMITTEE

| Full Name, Mailing Address and ZIP Code | Purpose of Disbursement | Date (month, day, year) | Amount of Each Disbursement This Period |
|---|---|---|---|
| A. CONSULTING ASSOCIATES INC.<br>1843 BROADWAY #102<br>BOISE, ID *3706 | LOAN REPAYMENT<br>Disbursement for: [X] Primary [ ] General [ ] Other (specify) | 6/30/93 | 1,750.00 |
| B. | Disbursement for: [ ] Primary [ ] General [ ] Other (specify) | | |
| C. | Disbursement for: [ ] Primary [ ] General [ ] Other (specify) | | |
| D. | Disbursement for: [ ] Primary [ ] General [ ] Other (specify) | | |
| E. | Disbursement for: [ ] Primary [ ] General [ ] Other (specify) | | |
| F. | Disbursement for: [ ] Primary [ ] General [ ] Other (specify) | | |
| G. | Disbursement for: [ ] Primary [ ] General [ ] Other (specify) | | |
| H. | Disbursement for: [ ] Primary [ ] General [ ] Other (specify) | | |
| I. | Disbursement for: [ ] Primary [ ] General [ ] Other (specify) | | |

SUBTOTAL of Disbursements This Page (optional) 1,750.00

TOTAL This Period (last page this line number only) 1,750.00

Y 1 0 1 5 0 0 4 5 2 7

RECEIVED
OFFICE OF RECORDS & MANAGEMENT

1995 FEB -2 AM 9:36

ID/01

OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES

155940

# REPORT OF RECEIPTS AND DISBURSEMENTS

For an Authorized Committee
(Six-Month Period)

USE FEC MAILING LABEL OR TYPE OR PRINT

1. NAME OF COMMITTEE (in full)
CHENOWETH FOR CONGRESS COMMITTEE

ADDRESS (number and street) ☐ Check if different than previously reported
P. O. BOX 897

CITY, STATE and ZIP CODE — STATE/DISTRICT
BOISE, ID 83701 — IDAHO 1

2. FEC IDENTIFICATION NUMBER
C- 00282020

3. IS THIS REPORT AN AMENDMENT?
☐ YES ☒ NO

## 4. TYPE OF REPORT

☐ April 15 Quarterly Report
☐ July 15 Quarterly Report
☐ October 15 Quarterly Report
☒ January 31 Year End Report
☐ July 31 Mid Year Report (Non-election Year Only)

☐ Twelfth day report preceding _____ (Type of Election) election on _____ in the State of _____
☐ Thirtieth day report following the General Election on _____ in the State of _____
☐ Termination Report

This report contains activity for: ☐ Primary Election ☒ General Election ☐ Special Election ☐ Runoff Election

## SUMMARY

| | | COLUMN A This Period | COLUMN B Calendar Year-to-Date |
|---|---|---|---|
| 5 | Covering Period 11-29-94 through 12-31-94 | | |
| 6 | Net Contributions (other than loans) | | |
| | (a) Total Contributions (other than loans) (from Line 11(e)) | 55,088.25 | 636,623.55 |
| | (b) Total Contribution Refunds (from Line 20(d)) | | 250.00 |
| | (c) Net Contributions (other than loans) (subtract Line 6(b) from 6(a)) | 55,088.25 | 636,373.55 |
| 7 | Net Operating Expenditures | | |
| | (a) Total Operating Expenditures (from Line 17) | 71,477.06 | 741,199.49 |
| | (b) Total Offsets to Operating Expenditures (from Line 14) | | 1,291.83 |
| | (c) Net Operating Expenditures (subtract Line 7(b) from 7(a)) | 71,477.06 | 739,907.66 |
| 8 | Cash on Hand at Close of Reporting Period (from Line 27) | 3,135.04 | |
| 9 | Debts and Obligations Owed TO the Committee (itemize all on Schedule C and/or Schedule D) | | |
| 10 | Debts and Obligations Owed BY the Committee (itemize all on Schedule C and/or Schedule D) | 170,190.38 | |

For further information contact:
Federal Election Commission
999 E Street, NW
Washington, DC 20463
Toll Free 800-424-9530
Local 202-219-3420

I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete.

Type or Print Name of Treasurer
Wayne Crow

Signature of Treasurer
Wayne Crow

Date
1-30-95

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. §437g

FEC FORM 3
(revised 4/87)

EXHIBIT B

SCHEDULE B

# ITEMIZED DISBURSEMENTS

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

PAGE 2 OF 17

FOR LINE NUMBER 17

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

NAME OF COMMITTEE (In Full)

CHENOWETH FOR CONGRESS C-00282020

| A. Full Name, Mailing Address and ZIP Code | Purpose of Disbursement | Date (month, day, year) | Amount of Each Disbursement This Page |
|---|---|---|---|
| Consulting Associates<br>1843 Broadway Suite 102<br>Boise, Id 83706 | rental<br>Disbursement for: [ ] Primary [X] General [ ] Other (specify) | 12-1-94<br>12-22-94 | 31157.97<br>3,579.52 |
| B. Full Name, Mailing Address and ZIP Code | Purpose of Disbursement | Date (month, day, year) | Amount of Each Disbursement This Page |
| 3 miscellaneous disbursments under 200.00 | Disbursement for: [ ] Primary [ ] General [ ] Other (specify) | | 483.04 |
| C. Full Name, Mailing Address and ZIP Code | Purpose of Disbursement | Date (month, day, year) | Amount of Each Disbursement This Page |
| | Disbursement for: [ ] Primary [ ] General [ ] Other (specify) | | |
| D. Full Name, Mailing Address and ZIP Code | Purpose of Disbursement | Date (month, day, year) | Amount of Each Disbursement This Page |
| | Disbursement for: [ ] Primary [ ] General [ ] Other (specify) | | |
| E. Full Name, Mailing Address and ZIP Code | Purpose of Disbursement | Date (month, day, year) | Amount of Each Disbursement This Page |
| | Disbursement for: [ ] Primary [ ] General [ ] Other (specify) | | |
| F. Full Name, Mailing Address and ZIP Code | Purpose of Disbursement | Date (month, day, year) | Amount of Each Disbursement This Page |
| | Disbursement for: [ ] Primary [ ] General [ ] Other (specify) | | |
| G. Full Name, Mailing Address and ZIP Code | Purpose of Disbursement | Date (month, day, year) | Amount of Each Disbursement This Page |
| | Disbursement for: [ ] Primary [ ] General [ ] Other (specify) | | |
| H. Full Name, Mailing Address and ZIP Code | Purpose of Disbursement | Date (month, day, year) | Amount of Each Disbursement This Page |
| | Disbursement for: [ ] Primary [ ] General [ ] Other (specify) | | |
| I. Full Name, Mailing Address and ZIP Code | Purpose of Disbursement | Date (month, day, year) | Amount of Each Disbursement This Page |
| | Disbursement for: [ ] Primary [ ] General [ ] Other (specify) | | |

| | |
|---|---|
| SUBTOTAL of Disbursements This Page (optional) | 7,220.53 |
| TOTAL This Period (last page this line number only) | |

4 09149

SCHEDULE B

ITEMIZED DISBURSEMENTS

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

PAGE 17 OF 17

FOR LINE NUMBER 17

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

NAME OF COMMITTEE (In Full)

C[illegible]OWETH FOR CONGRESS

C-00282020

| A. Full Name, Mailing Address and ZIP Code | Purpose of Disbursement | Date (month, day, year) | Amount of Each Disbursement This Line |
|---|---|---|---|
| Consulting Associates<br>1843 Broadway Suite 102<br>Boise, Id 83706 | Travel<br>Disbursement for [X] Primary [ ] General [ ] Other (specify) | 12-29-94 | 2,500.00 |
| B. Full Name, Mailing Address and ZIP Code | Purpose of Disbursement<br>Disbursement for [ ] Primary [ ] General [ ] Other (specify) | Date (month, day, year) | Amount of Each Disbursement This Line |
| C. Full Name, Mailing Address and ZIP Code | Purpose of Disbursement<br>Disbursement for [ ] Primary [ ] General [ ] Other (specify) | Date (month, day, year) | Amount of Each Disbursement This Line |
| D. Full Name, Mailing Address and ZIP Code | Purpose of Disbursement<br>Disbursement for [ ] Primary [ ] General [ ] Other (specify) | Date (month, day, year) | Amount of Each Disbursement This Line |
| E. Full Name, Mailing Address and ZIP Code | Purpose of Disbursement<br>Disbursement for [ ] Primary [ ] General [ ] Other (specify) | Date (month, day, year) | Amount of Each Disbursement This Line |
| F. Full Name, Mailing Address and ZIP Code | Purpose of Disbursement<br>Disbursement for [ ] Primary [ ] General [ ] Other (specify) | Date (month, day, year) | Amount of Each Disbursement This Line |
| G. Full Name, Mailing Address and ZIP Code | Purpose of Disbursement<br>Disbursement for [ ] Primary [ ] General [ ] Other (specify) | Date (month, day, year) | Amount of Each Disbursement This Line |
| H. Full Name, Mailing Address and ZIP Code | Purpose of Disbursement<br>Disbursement for [ ] Primary [ ] General [ ] Other (specify) | Date (month, day, year) | Amount of Each Disbursement This Line |
| I. Full Name, Mailing Address and ZIP Code | Purpose of Disbursement<br>Disbursement for [ ] Primary [ ] General [ ] Other (specify) | Date (month, day, year) | Amount of Each Disbursement This Line |

| | |
|---|---|
| SUBTOTAL of Disbursements This Page (optional) | 2,500.00 |
| TOTAL This Period (last page this line number only) | 71,477.06 |

4.BN1.06

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# REPORT OF RECEIPTS AND DISBURSEMENTS

Federal Authorized Committee
(Summary Page)

CERTIFIED MAIL

ID/01

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FEC
1994 OCT 18 AM 9 51
OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES

USE FEC MAILING LABEL OR TYPE OR PRINT

C00282020 ID/01 090294 P 447
WAYNE CROW
CHENOWETH FOR CONGRESS COMMITTEE
PO BOX 897
BOISE ID 83701

155940

2 FEC IDENTIFICATION NUMBER
C-00282020

3 IS THIS REPORT AN AMENDMENT?
☐ YES ☒ NO

## 4. TYPE OF REPORT

- ☐ April 15 Quarterly Report
- ☐ July 15 Quarterly Report
- ☒ October 15 Quarterly Report
- ☐ January 31 Year End Report
- ☐ July 31 Mid Year Report (Non-election Year Only)
- ☐ Twelfth day report preceding _____ (Type of Election) election on _____ in the State of _____
- ☐ Thirtieth day report following the General Election on _____ in the State of _____
- ☐ Termination Report

This report contains activity for ☐ Primary Election ☒ General Election ☐ Special Election ☐ Runoff Election

## SUMMARY

| | | COLUMN A This Period | COLUMN B Calendar Year-to-Date |
|---|---|---|---|
| 5 | Covering Period 7-1-94 through 9-30-94 | | |
| 6 | Net Contributions (other than loans) | | |
| | (a) Total Contributions (other than loans) (from Line 11(e)) | 247,444.60 | 354,344.17 |
| | (b) Total Contribution Refunds (from Line 20(d)) | 150.00 | 150.00 |
| | (c) Net Contributions (other than loans) (subtract Line 6(b) from 6(a)) | 247,294.60 | 354,194.17 |
| 7 | Net Operating Expenditures | | |
| | (a) Total Operating Expenditures (from Line 17) | 210,912.43 | 393,605.62 |
| | (b) Total Offsets to Operating Expenditures (from Line 14) | | 1,291.83 |
| | (c) Net Operating Expenditures (subtract Line 7(b) from 7(a)) | 210,912.43 | 392,313.79 |
| 8 | Cash on Hand at Close of Reporting Period (from Line 27) | 34,049.53 | |
| 9 | Debts and Obligations Owed TO the Committee (Itemize all on Schedule C and/or Schedule D) | | |
| 10 | Debts and Obligations Owed BY the Committee (Itemize all on Schedule C and/or Schedule D) | 92,531.41 | |

For further information contact:
Federal Election Commission
999 E Street, NW
Washington, DC 20463
Toll Free 800-424-9530
Local 202-219-3420

*I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete*

Type or Print Name of Treasurer: Wayne Crow

Signature of Treasurer: Wayne Crow

Date: 10-14-94

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. §437g.

FEC FORM 3
(revised 4/87)

EXHIBIT C

# ITEM[redacted]ISBURSEMENTS

[redacted] schedule(s) for each category of the Detailed Summary Page

PAGE 04 OF 25

FOR LINE NUMBER 17

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

NAME OF COMMITTEE (In Full)

CHENOWETH FOR CONGRESS

C-00282020

| Full Name, Mailing Address and ZIP Code | Purpose of Disbursement | Date (month, day, year) | Amount of Each Disbursement This Period |
|---|---|---|---|
| A. American Express<br>211 N. 10th<br>Boise ID 83702 | Auto rental<br>Disbursement for: [ ] Primary [X] General [ ] Other (specify) | 7-12-94 | 214.20 |
| B. WestOne Bank - credit card<br>Statehouse Branch | auto rental<br>Disbursement for: [ ] Primary [X] General [ ] Other (specify) | 7-15-94 | 374.85 |
| C. Dean Sorensen<br>PO Box 873<br>Boise ID 83701 | Office rental<br>Disbursement for: [ ] Primary [X] General [ ] Other (specify) | 7-18-94<br>8-1-94<br>9-6-94 | 800.00<br>800.00<br>800.00 |
| D. 1843 Broadway Partnership<br>1843 Broadway<br>Boise ID | Office rental<br>Disbursement for: [ ] Primary [X] General [ ] Other (specify) | 7-27-94 | 675.00 |
| E. Owyhee Plaza Hotel<br>117 Main Street<br>Boise ID 83705 | Room rental<br>Disbursement for: [ ] Primary [X] General [ ] Other (specify) | 8-9-94 | 239.75 |
| F. Capital City Dev. Corp.<br>PO Box 987<br>Boise ID 83701 | Office rental<br>Disbursement for: [ ] Primary [X] General [ ] Other (specify) | 8-12-94 | 311.61 |
| G. Consulting Associates<br>1843 Broadway #102<br>Boise ID 83706 | Office/Equipment rental<br>Disbursement for: [ ] Primary [ ] General [ ] Other (specify) | 8-12-94 | 2,255.00 |
| H. Canyon County Fair<br>22nd Blain<br>Caldwell ID 83605 | Booth rental<br>Disbursement for: [ ] Primary [X] General [ ] Other (specify) | 8-15-94 | 346.00 |
| I. 2 disbursements under 200.00 | Purpose of Disbursement<br>Disbursement for: [ ] Primary [X] General [ ] Other (specify) | Date (month, day, year) | Amount of Each Disbursement This Period<br>102.63 |

SUBTOTAL of Disbursements This Page (optional) ..... 6,919.04

TOTAL This Period (last page this line number only) .....

94-01-546-1470

SCHEDULE B

# ITEMIZED DISBURSEMENTS

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

PAGE 15 OF 25

FOR LINE NUMBER 17

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

NAME OF COMMITTEE (In Full)

CHENOWETH FOR CONGRESS

C-00282020

| Full Name, Mailing Address and ZIP Code | Purpose of Disbursement | Date (month, day, year) | Amount of Each Disbursement This Period |
|---|---|---|---|
| Northwest Telco<br>1020 Main Street<br>Boise ID 83702 | phone expense<br>Disbursement for: Primary General Other (specify) | 7-7-94<br>8-6-94 | 388.63<br>519.51 |
| US West<br>Salt Lake City UT | phone expense<br>Disbursement for: Primary General Other (specify) | 7-13-94<br>7-22-94<br>7-28-94<br>8-12-94 | 528.00<br>375.92<br>600.00<br>360.00 |
| Cellular One<br>960 Broadway<br>Boise Id 83706 | phone expense<br>Disbursement for: Primary General Other (specify) | 7-15-94<br>8-15-94<br>9-14-94 | 713.72<br>399.30<br>184.77 |
| US West<br>Salt Lake City UT | phone expense<br>Disbursement for: Primary General Other (specify) | 8-16-94<br>8-16-94<br>8-24-94 | 115.13<br>16.69<br>1,338.19 |
| WestOne Bank - credit card<br>Statehouse branch<br>Boise ID | phone expense<br>Disbursement for: Primary General Other (specify) | 8-15-94 | 195.73 |
| Tel Tronix Inc.<br>11422 W. Camas<br>Boise ID 83709 | phone expense<br>Disbursement for: Primary General Other (specify) | 8-16-94 | 582.10 |
| US West<br>Salt Lake City UT | phone expense<br>Disbursement for: Primary General Other (specify) | 8-24-94<br>9-15-94 | 720.00<br>1,038.10 |
| A-1 Communications<br>715 S. Capitol<br>Boise ID 83702 | phone expense<br>Disbursement for: Primary General Other (specify) | 9-6-94 | 152.85 |
| Consulting Associates<br>1843 Broadway #102<br>Boise ID 83706 | phone expense<br>Disbursement for: Primary General Other (specify) | 9-20-94 | 646.37 |

SUBTOTAL of Disbursements This Page (optional) ..... 8,875.01

TOTAL This Period (last page this line number only) .....

94010154681

Detailed Summary Page | FOR LINE NUMBER 17

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

NAME OF COMMITTEE (In Full)

CHENOWETH FOR CONGRESS C-00282020

| | Purpose of Disbursement | Date (month, day, year) | Amount of Each Disbursement This Period |
|---|---|---|---|
| A. Full Name, Mailing Address and ZIP Code | Disbursement for: [ ] Primary [ ] General [ ] Other (specify) | | |
| B. Full Name, Mailing Address and ZIP Code | Disbursement for: [ ] Primary [ ] General [ ] Other (specify) | | |
| C. Full Name, Mailing Address and ZIP Code<br>Bonita Shook<br>3001 Mayfair Ridge<br>Lewiston ID 83501 | convention expense reimburse<br>Disbursement for: [ ] Primary [x] General [ ] Other (specify) | 7-22-94 | 598.99 |
| D. Full Name, Mailing Address and ZIP Code | Disbursement for: [ ] Primary [ ] General [ ] Other (specify) | | |
| E. Full Name, Mailing Address and ZIP Code<br>Lois VanHoover<br>PO Box 226<br>Fairfield ID 83327 | Office air cond.repair exp.<br>Disbursement for: [ ] Primary [x] General [ ] Other (specify) | 7-28-94 | 352.50 |
| F. Full Name, Mailing Address and ZIP Code<br>WestOne Bank<br>Statehouse Branch<br>Boise ID 83702 | payroll tax<br>Disbursement for: [ ] Primary [x] General [ ] Other (specify) | 8-15-94<br>9-12-94 | 556.69<br>918.68 |
| G. Full Name, Mailing Address and ZIP Code<br>Goicoechea Law Offices<br>14 12th Ave S<br>Nampa ID 83653 | Legal services<br>Disbursement for: [ ] Primary [x] General [ ] Other (specify) | 8-16-94 | 700.00 |
| H. Full Name, Mailing Address and ZIP Code | Disbursement for: [ ] Primary [ ] General [ ] Other (specify) | | |
| I. Full Name, Mailing Address and ZIP Code<br>Consulting Associates<br>1843 Broadway #102<br>Boise ID 83706 | consulting fees<br>Disbursement for: [ ] Primary [X] General [ ] Other (specify) | 9-19-94 | 5,000.00 |

| | |
|---|---|
| SUBTOTAL of Disbursements This Page (optional) | 8,126.86 |
| TOTAL This Period (last page this line number only) | |

9401545.1490

# REPORT OF RE[redacted]TS AND D[redacted]ENTS

CERTIFIED MAIL For An Authorized Committee (Summary Page)

DEC X8 1994

1994 DEC 12 AM 11:32

OFFICE OF THE CLERK
U.S. HOUSE of REPRESENTATIVES

155940

10/01

USE FEC MAILING LABEL OR TYPE OR PRINT

1. NAME OF COMMITTEE (in full)
CHENOWETH FOR CONGRESS COMMITTEE

ADDRESS (number and street) ☐ Check if different than previously reported.
P.O. Box 897

CITY, STATE and ZIP CODE: Boise, Id 83701
STATE/DISTRICT: ID 1

2. FEC IDENTIFICATION NUMBER
C-00292020

3. IS THIS REPORT AN AMENDMENT? ☐ YES ☒ NO

## 4. TYPE OF REPORT

☐ April 15 Quarterly Report
☐ July 15 Quarterly Report
☐ October 15 Quarterly Report
☐ January 31 Year End Report
☐ July 31 Mid-Year Report (Non-election Year Only)
☐ Twelfth day report preceding _____ (Type of Election) election on _____ in the State of _____
☒ Thirtieth day report following the General Election on Nov. 8, 1994 in the State of Idaho
☐ Termination Report

This report contains activity for ☐ Primary Election ☒ General Election ☐ Special Election ☐ Runoff Election

## SUMMARY

| | | COLUMN A This Period | COLUMN B Calendar Year-to-Date |
|---|---|---|---|
| 5 | Covering Period 10-20-94 through 11-28-94 | | |
| 6 | Net Contributions (other than loans) | | |
| | (a) Total Contributions (other than loans) (from Line 11(e)) | 124,761.57 | 581,535.30 |
| | (b) Total Contribution Refunds (from Line 20(d)) | | 250.00 |
| | (c) Net Contributions (other than loans) (subtract Line 6(b) from 6(a)) | 124,761.57 | 581,285.30 |
| 7 | Net Operating Expenditures | | |
| | (a) Total Operating Expenditures (from Line 17) | 173,445.49 | 669,722.43 |
| | (b) Total Offsets to Operating Expenditures (from Line 14) | | 1,291.83 |
| | (c) Net Operating Expenditures (subtract Line 7(b) from 7(a)) | 173,445.49 | 668,430.60 |
| 8 | Cash on Hand at Close of Reporting Period (from Line 27) | 24,023.85 | |
| 9 | Debts and Obligations Owed TO the Committee (Itemize all on Schedule C and/or Schedule D) | | |
| 10 | Debts and Obligations Owed BY the Committee (Itemize all on Schedule C and/or Schedule D) | 158,338.85 | |

For further information contact: Federal Election Commission, 999 E Street, NW, Washington, DC 20463, Toll Free 800-424-9530, Local 202-219-3420

*I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete.*

Type or Print Name of Treasurer: Wayne Crow

Signature of Treasurer: Wayne Crow

Date: 12-6-94

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. §437g.

FEC FORM 3 (revised 4/87)

4-00172

EXHIBIT D

.E B

# ITEMIZED DISBURSEMENTS

[redacted] page subdivision(s) for [redacted] category of the Detailed Summary Page



FOR LINE NUMBER 17

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

NAME OF COMMITTEE (In Full)

HELEN CHENOWETH C-00282020

| A. Full Name, Mailing Address and ZIP Code | Purpose of Disbursement | Date (month, day, year) | Amount of Each Disbursement This Period |
|---|---|---|---|
| Consulting Assoc.<br>1843 Broadway Suite 102<br>Boise , Id 83706 | Consulting<br>Disbursement for [ ] Primary [X] General [ ] Other (specify) | 10-28-94<br>11-1-94<br>11-2-94 | 1,549.50<br>1,108.48<br>675.00 |
| B. Full Name, Mailing Address and ZIP Code | Purpose of Disbursement | Date (month, day, year) | Amount of Each Disbursement This Period |
| Consulting Assoc.<br>1843 Broadway Suite 102<br>Boise, Id 83706 | Consulting<br>Disbursement for [ ] Primary [X] General [ ] Other (specify) | 11-4-94<br>11-16-94<br>11-23-94 | 1,500.00<br>1,000.00<br>3,336.59 |
| C. Full Name, Mailing Address and ZIP Code | Purpose of Disbursement | Date (month, day, year) | Amount of Each Disbursement This Period |
| Nat'l Republican Cong. Comm.<br>320 1st St SE<br>Washington DC 20003 | Consulting<br>Disbursement for [ ] Primary [X] General [ ] Other (specify) | | 375.56<br>(in-kind) |
| D. Full Name, Mailing Address and ZIP Code | Purpose of Disbursement | Date (month, day, year) | Amount of Each Disbursement This Period |
| Americans for a Repub. Maj.<br>1155 21st St NW Siute 300<br>Washington DC 20036 | Consulting<br>Disbursement for [ ] Primary [X] General [ ] Other (specify) | | 14.87<br>(in-kind) |
| E. Full Name, Mailing Address and ZIP Code | Purpose of Disbursement | Date (month, day, year) | Amount of Each Disbursement This Period |
| | Disbursement for [ ] Primary [ ] General [ ] Other (specify) | | |
| F. Full Name, Mailing Address and ZIP Code | Purpose of Disbursement | Date (month, day, year) | Amount of Each Disbursement This Period |
| | Disbursement for [ ] Primary [ ] General [ ] Other (specify) | | |
| G. Full Name, Mailing Address and ZIP Code | Purpose of Disbursement | Date (month, day, year) | Amount of Each Disbursement This Period |
| | Disbursement for [ ] Primary [ ] General [ ] Other (specify) | | |
| H. Full Name, Mailing Address and ZIP Code | Purpose of Disbursement | Date (month, day, year) | Amount of Each Disbursement This Period |
| | Disbursement for [ ] Primary [ ] General [ ] Other (specify) | | |
| I. Full Name, Mailing Address and ZIP Code | Purpose of Disbursement | Date (month, day, year) | Amount of Each Disbursement This Period |
| | Disbursement for [ ] Primary [ ] General [ ] Other (specify) | | |

SUBTOTAL of Disbursements This Page (optional) ..... 9,560.00

TOTAL This Period (last page this line number only) .....

# REPORT OF RECEIPTS AND DISBURSEMENTS

**For An Authorized Committee**
**(Summary Page)**

USE FEC MAILING LABEL OR TYPE OR PRINT

1. NAME OF COMMITTEE (in full)
CHENOWETH FOR CONGRESS COMMITTEE

ADDRESS (number and street) ☐ Check if different than previously reported.
P. O. BOX 897

CITY, STATE and ZIP CODE: BOISE, ID 83701
STATE/DISTRICT: IDAHO 1

RECEIVED
SEC OF STATE
'95 JAN 31 PM 2 15

2. FEC IDENTIFICATION NUMBER
C- 00282020

3. IS THIS REPORT AN AMENDMENT?
☐ YES ☒ NO

## 4. TYPE OF REPORT

- ☐ April 15 Quarterly Report
- ☐ July 15 Quarterly Report
- ☐ October 15 Quarterly Report
- ☒ January 31 Year End Report
- ☐ July 31 Mid-Year Report (Non-election Year Only)
- ☐ Twelfth day report preceding _____ (Type of Election) election on _____ in the State of _____
- ☐ Thirtieth day report following the General Election on _____ in the State of _____
- ☐ Termination Report

This report contains activity for: ☐ Primary Election ☒ General Election ☐ Special Election ☐ Runoff Election

## SUMMARY

| | | COLUMN A This Period | COLUMN B Calendar Year-to-Date |
|---|---|---|---|
| 5 | Covering Period 11-29-94 through 12-31-94 | | |
| 6 | Net Contributions (other than loans) | | |
| (a) | Total Contributions (other than loans) (from Line 11(e)) | 55,088.25 | 636,623.55 |
| (b) | Total Contribution Refunds (from Line 20(d)) | | 250.00 |
| (c) | Net Contributions (other than loans) (subtract Line 6(b) from 6(a)) | 55,088.25 | 636,373.55 |
| 7 | Net Operating Expenditures | | |
| (a) | Total Operating Expenditures (from Line 17) | 71,477.06 | 741,199.49 |
| (b) | Total Offsets to Operating Expenditures (from Line 14) | | 1,291.83 |
| (c) | Net Operating Expenditures (subtract Line 7(b) from 7(a)) | 71,477.06 | 739,907.66 |
| 8 | Cash on Hand at Close of Reporting Period (from Line 27) | 3,135.04 | |
| 9 | Debts and Obligations Owed TO the Committee (Itemize all on Schedule C and/or Schedule D) | | |
| 10 | Debts and Obligations Owed BY the Committee (Itemize all on Schedule C and/or Schedule D) | 170,190.38 | |

For further information contact:
Federal Election Commission
999 E Street, NW
Washington, DC 20463
Toll Free 800 424 9530
Local 202 219 3420

*I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete.*

Type or Print Name of Treasurer: Wayne Crow

Signature of Treasurer: Wayne Crow

Date: 1-30-95

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. §437g.

FEC FORM 3
(revised 4/87)

EXHIBIT E

Sch B

SCHEDULE B
(Revised 3/80)

# DEBTS AND OBLIGATIONS
## Excluding Loans


(Use separate schedules for each numbered line)

| Name of Committee (in full) CHENOWETH FOR CONGRESS C-00282020 | Outstanding Balance Beginning This Period | Amount Incurred This Period | Payment This Period | Outstanding Balance at Close of This Period |
|---|---|---|---|---|
| A. Full Name, Mailing Address and ZIP Code of Debtor or Creditor<br>Just Horses Magazine<br>1111 S. Orchard Ste 114<br>Boise, Id 83707 | | 260.00 | | 260.00 |
| Nature of Debt (Purpose) Advertising | | | | |
| B. Full Name, Mailing Address and ZIP Code of Debtor or Creditor<br>Lloyd Lumber<br>Box 398<br>Nampa, Id 83653 | | 860.67 | | 860.67 |
| Nature of Debt (Purpose) Signs | | | | |
| C. Full Name, Mailing Address and ZIP Code of Debtor or Creditor<br>Patriot Communications<br>674 Barrett<br>Meridian, ID 83642 | | 6,851.85 | | 6,851.85 |
| Nature of Debt (Purpose) Advertising | | | | |
| D. Full Name, Mailing Address and ZIP Code of Debtor or Creditor<br>Printing Press<br>325 Grove<br>Boise, Id 82702 | | 1,066.80 | | 1,066.80 |
| Nature of Debt (Purpose) Printing | | | | |
| E. Full Name, Mailing Address and ZIP Code of Debtor or Creditor<br>Consulting Associates<br>1843 Broadway Suite 102<br>Boise, Id 83706 | | 8,349.11 | 2,500.00 | 5,849.11 |
| Nature of Debt (Purpose) Consulting Primary | | | | |
| F. Full Name, Mailing Address and ZIP Code of Debtor or Creditor<br>Barry Barron Photography<br>C/O Rt 1, Box 320 A<br>Hume, VA 22639 | | 375.00 | | 375.00 |
| Nature of Debt (Purpose) public relations | | | | |
| 1) SUBTOTALS This Period This Page (optional) | | | | 15,263.43 |
| 2) TOTALS This Period (last page in this line only) | | | | |
| 3) TOTAL OUTSTANDING LOANS from Schedule C (last page only) | | | | |
| 4) Add 2) and 3) and carry forward to appropriate line of Summary Page (last page only) | | | | |

**UNITED STATES HOUSE OF REPRESENTATIVES**
**FINANCIAL DISCLOSURE STATEMENT**

Period Covered: January 1, 1993 - 10-31-93

**FORM B**
For use by candidates for the office of Member and new employees

OFFICE OF RECORDS & REGISTRATION
1993 NOV 29 PM 2:49
OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES

(5)
NOV 23 1993
cc
(Office Use Only)

Helen P. Chenoweth
(Full Name)

6914 Irving Lane Boise, ID 83704
(Mailing Address)

(208) 345-2670
Daytime Telephone

| Filer Status | | | | Check if Amendment |
|---|---|---|---|---|
| | [X] Candidate for the House of Representatives | State: Idaho<br>District: 1st | Date of Primary Election: May 24, 1994 | [ ] |
| | [ ] New officer or employee | Employing Office: | | |

In all sections, please type or print clearly in black ink.

## PRELIMINARY INFORMATION – ANSWER EACH OF THESE QUESTIONS

| | | | | | |
|---|---|---|---|---|---|
| Did you or your spouse have "earned" income (e.g., salaries or fees) of more than $200 from any source in the reporting period? If yes, Complete and Attach Schedule I. | Yes [X] | No [ ] | Did you hold any reportable positions on or before the date of filing in the current calendar year? If yes, Complete and Attach Schedule IV. | Yes [X] | No [ ] |
| Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? If yes, Complete and Attach Schedule II. | Yes [X] | No [ ] | Did you have any reportable agreement or arrangement with an outside entity? (New employees only; not candidates.) If yes, Complete and Attach Schedule V. N/A | Yes [ ] | No [X] |
| Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? If yes, Complete and Attach Schedule III. | Yes [X] | No [ ] | Did you receive compensation of more than $5,000 from a single source in the two prior years? If yes, Complete and Attach Schedule VI. | Yes [X] | No [ ] |
| Each question in this part must be answered. | | | Attach the appropriate schedule for each "Yes" response. | | |

## EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION – ANSWER EACH OF THESE QUESTIONS

| | | |
|---|---|---|
| **TRUSTS** – Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or a dependent child? (See Instructions, page 10.) | Yes [ ] | No [X] |
| **EXEMPTION** – Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption? (See Instructions, page 11.) | Yes [ ] | No [X] |

## CERTIFICATION – THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended (5 U.S.C. app. 6, § 101 et seq.). The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil and criminal sanctions (See 5 U.S.C. app. 6, § 104 and 18 U.S.C. § 1001).

| SIGNATURE OF REPORTING INDIVIDUAL | DATE (Month, Day, Year) |
|---|---|
| Helen Chenoweth | 11-22-93 |



EXHIBIT F

8 - 0 0 9 8 1 0 8 6

Reporting Individual's Name

Helen P. Chenoweth

## SCHEDULE I – EARNED INCOME (INCLUDING HONORARIA)

List the source, type, and amount of earned income, including honoraria, from any source (other than your current employment by the U.S. Government) totalling $200 or more during the current year to the filing date and, separately, the preceding calendar year. For a spouse, only the source, not amount of earned income needs to be reported, except for honoraria, for which the source and amount must be reported. See instructions, page 12.

| | Source (Include date of receipt for honoraria) | Type | Amount: Current Year to Filing | Amount: Preceding Year |
|---|---|---|---|---|
| Examples | ABC Corporation, Houston, Texas | Salary | $6,300 | $28,450 |
| | First Bank & Trust, Houston, Texas | Director's Fee | 400 | $3,200 |
| | ABC Trade Association, Chicago, IL. (Rec'd 12-2-91) | Honorarium | NA | $1,000 |
| | Harris County, Texas, Public Schools | Spouse Salary | NA | NA |
| | Consulting Associates, Inc. Boise, ID | Salary | $ 22,957.39 | $ 25,350.00 |
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Page ___ of ___

Schedule I

## SCHEDULE VIII — POSITIONS

Report all positions, compensated or uncompensated, held during the current calendar year as an officer, director, trustee of an organization, partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise, any nonprofit organization, any labor organization, or any educational or other institution other than the United States. For further information, see instructions, pages 25–26.

Exclude: Positions held in any religious, social, fraternal, or political entities; positions solely of an honorary nature; and positions listed on Schedule I.

| Position | Name of Organization |
|---|---|
| Secretary - Treasurer | Consulting Associates, Inc. |
| Ad Hoc Member (unpaid) | Idaho Family Forum |
| Board of Director (unpaid) | Center for the Study of Market Alternatives |
| | |
| | |
| | |

## SCHEDULE IX — AGREEMENTS

Identify the date, parties to, and general terms of any agreement or arrangement with respect to: future employment; a leave of absence during the period of government service; continuation or deferral of payments by a former or current employer other than the U.S. Government; or continuing participation in an employee welfare or benefit plan maintained by a former employer. For further information, see instructions, page 26.

| Date | Parties To | Terms of Agreement |
|---|---|---|
| | N/A | |
| | | |
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OPO 106 (5-89)

Use additional sheets if more space is required.

ID: DEC 09'02 17:56 No.011 P.02

**UNITED STATES HOUSE OF REPRESENTATIVES**
**FINANCIAL DISCLOSURE STATEMENT**

Period Covered: January 1, 1994 - May 1, 1994

**FORM B**
For use by candidates for the office of Member and new employees

RECEIVED
OFFICE OF RECORDS & REGISTRATION
1994 MAY 18 AM 7:33
OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES

MAY 13 1994
(5)
(Office Use Only)

Helen P. Chenoweth
(Full Name)

6914 Irving Lane Boise, ID 83704 (208) 345-2670
(Mailing Address) Daytime Telephone

| Filer Status | | | | Check if Amendment |
|---|---|---|---|---|
| | [X] Candidate for the House of Representatives | State: Idaho District: 1st. | Date of Primary Election: 5 24, 1994 | [ ] |
| | [ ] New officer or employee | Employing Office: | | |

In all sections, please type or print clearly in black ink.

## PRELIMINARY INFORMATION – ANSWER EACH OF THESE QUESTIONS

| | | | | | |
|---|---|---|---|---|---|
| Did you or your spouse have "earned" income (e.g., salaries or fees) of more than $200 from any source in the reporting period? If yes, Complete and Attach Schedule I. | Yes [X] | No [ ] | Did you hold any reportable positions on or before the date of filing in the current calendar year? If yes, Complete and Attach Schedule IV. | Yes [X] | No [ ] |
| Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? If yes, Complete and Attach Schedule II. | Yes [X] | No [ ] | Did you have any reportable agreement or arrangement with an outside entity? (New employees only; not candidates.) If yes, Complete and Attach Schedule V. N/A | Yes [ ] | No [X] |
| Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? If yes, Complete and Attach Schedule III. | Yes [X] | No [ ] | Did you receive compensation of more than $5,000 from a single source in the two prior years? If yes, Complete and Attach Schedule VI. | Yes [X] | No [ ] |
| Each question in this part must be answered. | | | Attach the appropriate schedule for each "Yes" response. | | |

## EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION – ANSWER EACH OF THESE QUESTIONS

| | | |
|---|---|---|
| TRUSTS – Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or a dependent child? (See Instructions, page 10.) | Yes [ ] | No [X] |
| EXEMPTION – Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption? (See Instructions, page 11.) | Yes [ ] | No [X] |

## CERTIFICATION – THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended (5 U.S.C. app. 6, § 101 et seq.). The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil and criminal sanctions (See 5 U.S.C. app. 6, § 104 and 18 U.S.C. § 1001)

SIGNATURE OF REPORTING INDIVIDUAL: Helen P. Chenoweth

DATE (Month, Day, Year)



EXHIBIT G

1 0098 0096

Reporting Individual's Name
Helen P. Chenoweth

## HEDULE I—EARNED INCOME (INCLUDING HONORARIA)

he source, type, and amount of earned income, including honoraria, from any source (other than your current employment by the U.S. Government) totalling $200 or more during the current to the filing date and, separately, the preceding calendar year. For a spouse, only the source, not amount of earned income needs to be reported, except for honoraria, for which the source amount must be reported. See Instructions, page 12.

| | Source (Include date of receipt for honoraria) | Type | Amount | |
|---|---|---|---|---|
| | | | Current Year to Filing | Preceding Year |
| spouse | ABC Corporation, Houston, Texas | Salary | $6,300 | $28,450 |
| | First Bank & Trust, Houston, Texas | Director's Fee | 400 | $3,200 |
| | ABC Trade Association, Chicago, IL (Rec'd 12-2-91) | Honorarium | NA | $1,000 |
| | Harris County, Texas, Public Schools | Spouse Salary | NA | NA |
| | Consulting Associates, Inc. Boise, Idaho | Salary | $ 23,450.00 | $25,350.00 |
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Schedule I

**UNITED STATES HOUSE OF REPRESENTATIVES**

**FINANCIAL DISCLOSURE STATEMENT FOR CALENDAR YEAR 1994**

**FORM A**
For use by Members, officers, and employees

RECEIVED
CLERK'S OFFICE
1995 MAY 15 PM 4:07

(8)

HELEN P. CHENOWETH
(Full Name)

1719 Longworth HOB
(Mailing Address)

202-225-6611
Daytime Telephone

Washington DC 20515

HAND DELIVERED
mc
(Office Use Only)

| | | | | |
|---|---|---|---|---|
| Filer Status | [X] Member of the U.S. House of Representatives | State: IDAHO District: 1 | [ ] Officer or Employee | Employing Office |
| Report Type | [X] Annual (May 15) | [ ] Amendment | [ ] Termination | Termination Date |

**A *$200 penalty* shall be assessed against anyone who files more than 30 days late.**

## PRELIMINARY INFORMATION — ANSWER EACH OF THESE QUESTIONS

| | | | | | |
|---|---|---|---|---|---|
| I. Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? **If yes, complete and attach Schedule I.** | Yes [X] | No [ ] | VI. Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than $250 and not otherwise exempt)? **If yes, complete and attach Schedule VI.** | Yes [ ] | No [X] |
| II. Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? **If yes, complete and attach Schedule II.** | Yes [ ] | No [X] | VII. Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $250 from one source)? **If yes, complete and attach Schedule VII.** | Yes [ ] | No [X] |
| III. Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? **If yes, complete and attach Schedule III.** | Yes [X] | No [ ] | VIII. Did you hold any reportable positions on or before the date of filing in the current calendar year? **If yes, complete and attach Schedule VIII.** | Yes [X] | No [ ] |
| IV. Did you, your spouse, or dependent child purchase, sell, or exchange any reportable asset worth more than $1,000 in the reporting period? **If yes, complete and attach Schedule IV.** | Yes [X] | No [ ] | IX. Did you have any reportable agreement or arrangement with an outside entity? **If yes, complete and attach Schedule IX.** | Yes [ ] | No [X] |
| V. Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? **If yes, complete and attach Schedule V.** | Yes [X] | No [ ] | **Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.** | | |

## EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION — ANSWER EACH OF THESE QUESTIONS

| | | |
|---|---|---|
| **TRUSTS**—Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child? (See Instructions, pages 10-11.) | Yes [ ] | No [X] |
| **EXEMPTION**—Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption? (See Instructions, page 11.) | Yes [ ] | No [X] |

## CERTIFICATION — THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil and criminal sanctions (*See* 5 U.S.C. app. 6, §104 and 18 U.S.C. §1001).

SIGNATURE OF REPORTING INDIVIDUAL: Helen P. Chenoweth, MC.

DATE (Month/Day/Year):

EXHIBIT H

## SCHEDULE I — EARNED INCOME

List the source, type, and amount of earned income from any source (other than the filer's current employment by the U.S. Government) totalling $200 or more during the preceding calendar year. For a spouse, list the source and amount of any honoraria; list only the source for other spouse earned income exceeding $1,000. For further information, see Instructions, pages 12-13.

| | Source | Type | Amount |
|---|---|---|---|
| Examples | Jefferson University | Approved Teaching Fee | $6,000 |
| | State of Maryland | Legislative Pension | $9,000 |
| | Civil War Roundtable (Oct. 2nd) | Spouse Speech | $1,000 |
| | Fairfax County Board of Education | Spouse Salary | NA |
| | Consulting Associates, Inc. | Salary | 33,150. |

For payments to charity in lieu of honoraria, use Schedule II.

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 23, 1996

William L. Mauk, Chair
Idaho Democratic Party
P.O. Box 445
Boise, ID 83701

RE: MUR 4283

Dear Mr. Mauk:

This letter acknowledges receipt on January 11, 1996, of the amendment to the complaint you filed on December 28, 1995. The respondents will be sent copies of the amendment. You will be notified as soon as the Federal Election Commission takes final action on your complaint.

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Celebrating the Commission's 20th Anniversary
YESTERDAY, TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 23, 1996

Wayne Crow, Treasurer
Chenoweth for Congress
P.O. Box 897
Boise, ID 83701

RE: MUR 4283

Dear Mr. Crow:

On November 21, 1995 you were notified that the Federal Election Commission received a complaint from the Idaho Democratic Party alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. At that time you were given a copy of the complaint and informed that a response to the complaint should be submitted within 15 days of receipt of the notification.

On January 11, 1996, the Commission received additional information from the complainant pertaining to the allegations in the complaint. Enclosed is a copy of this additional information. As this new information is considered an amendment to the original complaint, you are hereby afforded an additional 15 days in which to respond to the allegations.

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

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosure

Celebrating the Commission's 20th Anniversary
YESTERDAY, TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 23, 1996

The Honorable Helen Chenoweth
1719 Longworth HOB
Washington, D.C. 20515

RE: MUR 4283

Dear Ms. Chenoweth:

On November 21, 1995 you were notified that the Federal Election Commission received a complaint from the Idaho Democratic Party alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. At that time you were given a copy of the complaint and informed that a response to the complaint should be submitted within 15 days of receipt of the notification.

On January 11, 1996, the Commission received additional information from the complainant pertaining to the allegations in the complaint. Enclosed is a copy of this additional information. As this new information is considered an amendment to the original complaint, you are hereby afforded an additional 15 days in which to respond to the allegations.

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

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosure

Celebrating the Commission's 20th Anniversary
YESTERDAY, TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 23, 1996

Helen Chenoweth, Registered Agent
Consulting Associates Incorporated
1843 Broadway, #102
Boise, ID 83706

RE: MUR 4283

Dear Ms. Chenoweth:

The Federal Election Commission received an amendment to a complaint which indicates that the Consulting Associates Incorporated may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the original complaint and amendment are enclosed. We have numbered this matter MUR 4283. Please refer to this number in all future correspondence.

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

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

Celebrating the Commission's 20th Anniversary
YESTERDAY, TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

If you have any questions, please contact Deborah Rice 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 (dated 11/21/95)
2. Amendment (dated 1/11/96)
3. Procedures
4. Designation of Counsel Statement

9804158600069

LAW OFFICES
WEBSTER, CHAMBERLAIN & BEAN
1747 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20006
(202) 785-9500
FAX (202) 835-0243

GEORGE D. WEBSTER
ARTHUR L. HEROLD
ALAN P. DYE
EDWARD D. COLEMAN
BURKETT VAN KIRK
FRANK M. NORTHAM
GERARD P. PANARO
JOHN W. HAZARD, JR.
CHARLES M. WATKINS
HUGH K. WEBSTER
DAVID P. GOCH
BRENLEY LOCKE ELIAS

OF COUNSEL
CHARLES E. CHAMBERLAIN
J. COLEMAN BEAN

January 17, 1996

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
JAN 18 10 01 AM '96

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

Re: MUR 4283
West One Bank

Dear Sirs,

We have previously provided you with a Designation of Counsel designating Arthur L. Herold and Frank M. Northam as counsel for West One Bank in MUR 4283. We also sought, and were granted, an extension of time to January 17, 1996, within which to file a response to the complaint in MUR 4283. This letter constitutes that response.

The complaint in MUR 4283 concerns a loan in the amount of $40,400.00 that West One Bank made to Congresswoman Helen Chenoweth on November 23, 1994, shortly after she had been elected for the first time to the House of Representatives. The complaint charges that West One Bank may have violated the FECA by making an impermissible contribution to Ms. Chenoweth or her campaign committee and by making a loan to Ms. Chenoweth that was not in compliance with all of the requirements set forth at 11 C.F.R. § 100.7(b)(11). If there was any violation of the FECA by West One Bank, such a violation was a technical one, at best, and now has been rectified. In November, 1995, the loan to Ms. Chenoweth was restructured as a second mortgage on her residence in Idaho in full conformity with FEC regulations.

## Background

For five years prior to her election to Congress, Ms. Chenoweth had been a customer of West One Bank and had maintained an account with the bank. During that time period, Ms. Chenoweth took out two loans from the bank and also maintained a line of credit with the bank. Her payment history as to those loans and the line of credit had been excellent.

On November 22, 1994, Ms. Chenoweth applied to West One Bank for a personal loan for the purpose of paying "business payables". The loan officers who processed Ms. Chenoweth's loan application handled the application in the manner in which they would have handled any other individuals's application for a personal loan for business purposes and followed the bank's routine procedures in processing the application. (The only thing that may have distinguished Ms. Chenoweth's application from other loan applications was that the loan officers knew that she had just been elected to Congress and, therefore, had a guaranteed income for the next two years that greatly exceeded the income she previously had earned.)

The loan officers prepared and processed the normal paperwork for such a loan application, including a "Financial Statement - Individual", an "Application for Commercial/Agricultural Credit", a "Loan Documentation Checklist", a "Boarding Data Sheet", a document entitled "Significant Credit Guidelines Exceptions", a "Promissory Note", a "Disbursement Request and Authorization", and a "Loan Approval Application". (Copies of all of these documents are attached to this letter. The "Loan Approval Application" dated December 2, 1994, is an internal bank document reflecting the transaction process and frequently is prepared after the loan has been issued, as occurred in this instance.) The bank also obtained a credit report on Ms. Chenoweth. (This document is not being provided to the Commission since such a disclosure would violate the Fair Credit Reporting Act.)

Having reviewed all of this documentation, the loan officers determined that, under the bank's guidelines for the granting of personal loans, Ms. Chenoweth qualified for an unsecured loan in the amount of $40,400.00. On November 23, 1994, Ms. Chenoweth executed a promissory note for $40,400.00, at a variable interest rate, with an initial interest rate of ten percent (10%) per annum. On that same date, the bank issued to Ms. Chenoweth a check in the amount of $40,000.00; the additional $400.00 of the loan represented the bank's loan fee and was retained by the bank.

As is readily apparent, the loan to Ms. Chenoweth complied with all of the requirements of 11 C.F.R. § 100.7(b)(11) except, possibly, the requirement that the loan be "made on a basis which assures repayment", since the loan was unsecured. As indicated in the "Loan Memorandum" attached to the "Loan Approval Application", Ms. Chenoweth had indicated that she would repay the loan through fundraisers and from her income.

Although Ms. Chenoweth had advised the loan officers that part or all of the loan proceeds would be utilized to pay campaign debts, the loan officers were not aware, and did not believe, that

that fact might make the loan subject to any special requirement other than the bank's guidelines for the granting of loans. The loan officers believed that since Ms. Chenoweth was an elected Congresswoman and the loan was being made to her personally, any restrictions concerning loans to federal candidates or their campaign committees would not apply. (When the bank executed the FEC Form C-1, attached to the complaint, on January 30, 1995, the loan officers were still unaware that the loan may not have satisfied all of the technical requirements of federal election laws and regulations.[1])

West One Bank was unaware of any alleged technical deficiencies in the loan to Ms. Chenoweth until the loan became the subject of media coverage in the fall of 1995. Up until that point, the bank had received interest payments on the loan in the ordinary course of business and according to the variable interest rate. (See the attached schedule of payments and changes in the interest rate.)

Once it appeared that the loan might not satisfy the "assurance of repayment" requirement, both the bank and Ms. Chenoweth took steps to rectify the situation. Ms. Chenoweth made a large principal payment against the November 23, 1994 loan. She then applied for, and received, a new loan from West One Bank that was secured by collateral in her Idaho residence. The proceeds from that loan were used to retire the November 23, 1994 loan. (Attached is the November 23, 1994 promissory note marked "PAID Nov 08 1995".)

The new loan that West One Bank issued to Ms. Chenoweth on November 8, 1995 is fully collateralized and was subjected to the bank's normal and routine process for the granting of such loans. West One Bank completed and processed documents similar to those that were processed in connection with the November 23, 1994 loan. Additionally, the bank obtained an appraisal of Ms. Chenoweth's Idaho residence that would serve as collateral for the new loan and, in conjunction with the loan, obtained a deed of trust on that property. (Copies of the loan application and processing forms, the appraisal report, the November 8, 1995 promissory note to West One Bank from Ms. Chenoweth, and the deed of trust are attached to this letter.) As in the case of the 1994 loan, West One Bank obtained a credit report on Ms. Chenoweth in connection with the 1995 loan; that credit report is not being submitted to the

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[1] The complaint alleges improprieties in the manner in which the loan was reported on FEC reports. Other than the instance noted above, the bank took no part in the preparation of those reports.

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Commission because of the prohibitions of the Fair Credit Reporting Act. The November 8, 1995 loan to Ms. Chenoweth is in full compliance with the requirements of 11 C.F.R. § 100.7(b)(11) since it was made in the ordinary course of business and pursuant to the bank's customary and usual guidelines; bears the usual and customary interest rate for the category of loan involved; is fully collateralized and, therefore, made on a basis which assures repayment; is evidenced by a written instrument; and is subject to a due date and payment schedule.

**Analysis**

The documents and explanations submitted with this letter demonstrate that the November 23, 1994 loan to Ms. Chenoweth was processed and approved by West One Bank just as a loan to any other individual would have been processed and approved. They also demonstrate that West One Bank never had any intention or belief that, by making the loan to Ms. Chenoweth, the bank would be making a "contribution" to Ms. Chenoweth or her campaign committee. The only manner in which the November 23, 1994 loan might have failed to fulfill the requirements of 11 C.F.R. § 100.7(b)(11) is that there may not have been an appropriate "assurance of repayment". Under 11 C.F.R. § 100.7(b)(11)(ii), however, the Commission may "consider the totality of the circumstances on a case-by-case basis in determining whether a loan was made on a basis which assures repayment". We submit that Ms. Chenoweth's assurance to the bank that the loan could be repaid through fundraising events and from her greatly enhanced income provided West One Bank with adequate assurance of repayment.

In any event, when West One Bank became aware of the potential, technical deficiencies of the 1994 loan under the federal election laws, it immediately took steps to retire that loan and to enter into a new loan to Ms. Chenoweth that complied with all federal election law requirements.

**Conclusion**

In light of the foregoing, the Office of General Counsel and the Commission should conclude that West One Bank did not engage in any violation of the FECA and, therefore, should dismiss the complaint in MUR 4283 as to West One Bank. Even if there was an apparent violation of the FECA, the violation was a technical and unknowing violation which was corrected as soon as it was brought to the attention of the bank. A finding of such a technical and

unknowing violation by the General Counsel or the Commission should be accompanied by a recommendation to dismiss the complaint as to West One Bank or, at the most, to make a finding of reason to believe accompanied by a recommendation to take no further action.

Respectfully submitted,

Arthur L. Herold

Frank M. Northam

Enclosures

cc: John C. Ward, Esq.

9304336004

JOHN C. KEENAN, ESQ.
900 CENTRAL BONNER
NAMPA, IDAHO 83651
208-467-6017
208-466-0064

7 February 1996

RE: MUR 4283

Ms. Mary L. Taksar
Attorney
Federal Elections Commission
999 E Street, NW
Washington, D.C. 20463

Re: Amended Complaint Against Rep. Helen Chenoweth (R-Idaho)
Member of Congress, Idaho's First, by William Mauk, Esq.,
Chairman of the Idaho Democratic Party

Dear Ms. Taksar:

The purpose of this letter is to respond to specific allegations by Mr. Mauk, Esq. in his amended complaint.

As Mr. Mauk noted in his letter, all of the information that he bases his allegations are publicly available and were provided by Rep. Chenoweth or her campaign. The allegations propounded are baseless. I will go through them carefully here.

First, he raises the issue that was raised originally in MUR 4034. That matter has been "asked and answered," and for your benefit, I have enclosed our response to that matter.

Second, he raises the issue of a $2,500 "travel reimbursement" from the campaign to the corporation called Consulting Associates, Inc. (CA). That was in fact a payment on account at Consulting Associates, Inc. for services and expenses relating to consultation on behalf of Consulting Associates, Inc. I have raised the issue of that payment and how it was portrayed in the FEC report to the treasurer. An amendment will be filed as soon as possible.

Third, he states that she used campaign funds for her personal use.

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FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

2 8 0 4 3 8 6 0 0 7 5

Let me identify the parties involved. Rep. Chenoweth is the secretary of CA and another principal of CA is Vern Ravenscroft. CA was incorporated in 1979 with Helen Chenoweth and Vern Ravenscroft as the principals involved. At the time, Vern Ravenscroft was a former state representative, state Republican Party chairman, and a candidate for governor in Idaho's 1978 gubernatorial primary. Rep. Chenoweth was the former executive director of the Idaho Republican Party, and former chief-of-staff of then Congressman Steve Symms. She also had managed Mr. Symms 1978 reelection bid in Idaho's First Congressional District. I am telling you these things so that you understand that both of the principals were politically involved. The company they started, Consulting Associates, Inc., used their expertise to consult and manage political campaigns, asd well as lobbying the state legislature and dealing with and governmental officials. Their firm also helped client work with governments, both federal and state, in the development of small hydroelectric projects. Most often, their job was to deal directly with government on behalf of their clients, whether officials or office-holders. CA continued to do these functions right up to the 1994 campaign primary and general elections until the CA began its "winding down" process in January 1995 after Rep. Chenoweth took office in the 104th Congress. Mr. Ravenscroft was 73 years of age at that time, and he has since retired except for continued work on some private matters at his ranch in Tuttle, Idaho.

In obtaining much of the information provided here, I have had to deal with Rep. Chenoweth, her campaign staff, Mr. Ravenscroft, and Mr. Wayne Crow, the campaign treasurer. Mr. Ravenscroft lives nearly 100 miles south of here. Much of the documentation is in his hands and he has been unable to get up here until 7 February 1996. In addition, Mr. Crow has developed colon cancer and has been out of commission since early December, 1995. He is getting better but he has not been easily accessible. Nevertheless, I am providing you as much detail as I have been physically able to put together since receiving a copy of the complaint. If I receive any additional information that will be of assistance, I will do so immediately.

The Committee responds as follows:

Mr. Mauk has alleged that certain loans have been paid early in the campaign. He had made that complaint earlier in MUR 4034. I have attached to this document a copy of all correspondence known to me relative to that charge. (Exhibit "A).

Mr. Mauk has stated that Rep. Chenoweth had used corporate resources "to advance her political campaign efforts in an attempt to circumvent federal laws precluding corporate entities from financially influencing federal elections." We wholeheartedly deny such an allegation.

In a nutshell, CA, Inc. had more than enough income to cover Rep. Chenoweth's salary from secondary sources, including prior political clients and current governmental affairs clients--the type of work that CA, Inc. had done for fifteen year before that time.



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In Rep Chenoweth's financial disclosure statement to the U S House for reporting period January 1, 1993 through October 31, 1993, (Exhibit "F" of Amended Complaint) it shows that Rep Chenoweth received $22,957.39 in salary year-to-date. In another disclosure report to the U S House of January 1, 1994 though May 1, 1994, it shows she made $23,450 00 year-to-date salary In her calendar year 1994 disclosure report, it shows that she received an income of $33,150 for that year in total Her total income for calendar year 1993 is shown as $25,350 00 (Exhibits "G" & "H" of Amended Complaint)

Mr Mauk alleges that Rep Chenoweth received a substantial increase in income and thereby creates an illusion Consulting Associates, Inc had little or no income of its own during 1994, that Rep Chenoweth was not working during the campaign, and that her private business had come to a complete halt This is simply not true Such bald assertions are not supported by the facts

In the interest of specifically challenging these specific allegations, I will specifically go through each and every deposit in the Consulting Associates, Inc books for calendar years 1993 and 1994 In this way, it will demonstrate that there was more than sufficient income to from other sources, similar in nature to the Chenoweth campaign, as a client of Consulting Associates, Inc

CALENDAR YEAR 1993

| | | |
|---|---|---|
| January | | |
| 4 | $ | miscellaneous |
| 4 | | legal management/consulting (retainer) |
| 4 | | miscellanous expense reimbursement |
| 4 | | small hydroelectric project income |
| 11 | | insurance refund |
| 11 | | small hydroelectric project income |
| 13 | | transfer from trust for fees/costs |
| 19 | | received from legal managment/consulting client, transferred to trust for payment to attorneys |
| 21 | | expense reimbursement from political client (not Chenoweth for Congress Committee) |
| February | | |
| 5 | | legal management/consulting (retainer) |
| 17 | | small hydroelectric project income |
| 19 | | tax refund |
| March | | |
| 5 | | tax refund |

| | | |
|---|---|---|
| 9 | | small hydroelectric project income |
| 10 | | small hydroelectric project income |
| 22 | — | received from legal managment/consulting client, transferred to trust for payment to attorneys |
| 22 | | small hydroelectric project income |
| 30 | | small hydroelectric project income |
| **April** | | |
| 1 | | tax refund for 1991 |
| 1 | | tax refimd fpr 1990 |
| 5 | | return of cash advance |
| 5 | | speaking fees |
| 9 | | legal managment/consulting client ($5,000 to CA, Inc as retainer, and $10,000 to trust) |
| 9 | | miscellaneous |
| 16 | | legal management/consulting client ($5,000 to to CA, Inc as retainer, and $5,000 to trust) |
| **May** | | |
| 1 | | legal management/consulting client to trust |
| 5 | | small hydroelectric project income |
| 13 | | legal management client retainer |
| 18 | | small hydroelectric project income |
| 21 | | political consulting client payment (not Chenoweth for Congress Committee) |
| 24 | | speaker fees |
| 28 | | small hydroelectric project income |
| **June** | | |
| 8 | | small hydroelectric project income |
| 8 | | legal management client retainer |
| 18 | | small hydroelectric project income |
| 25 | | legal management client retainer |
| 25 | | reimbursement from Graber |
| 30 | 1,761 67 | reimbursement of loan from CFC loan |
| **July** | | |
| 1 | | small hydroelectric project income |
| 9 | | legal management client retainer |
| 13 | | repayment of VR advance |
| 19 | | small hydroelectric project income |
| 30 | | legal management client retainer |

| | | |
|---|---|---|
| **August** | | |
| 2 | | small hydroelectric project income |
| 4 | — | small hydroelectric project income |
| 15 | | R L Polk refund |
| 20 | | small hydroelectric project income |
| **September** | | |
| 1 | | legal management client to trust |
| 1 | | legal management client to trust |
| 2 | | small hydroelectric project income |
| 3 | | legal management client fees |
| 13 | | legal management client fees |
| 20 | | small hydroelectric project income |
| 27 | | interest on Cds |
| 28 | | refund from health insurance company |
| 30 | | legal management client fees |
| **October** | | |
| 5 | | small hydroelectric project income |
| 21 | | legal management client fees |
| 29 | | small hydroelectric project income |
| **November** | | |
| 2 | | small hydroelectric project income |
| 22 | | refund check |
| 23 | | campaign consulting payment (not Chenoweth for Congress Committee) |
| 24 | | small hydroelectric project income |
| 26 | | legal managment client fees |
| **December** | | |
| 2 | | small hydroelectric project income |
| 21 | | small hydroelectric project income |
| 27 | | legal management client fees |
| 27 | | small hydroelectric project income |

Total deposits for 1993
Minus Trust Transfers for 1993
Total income for CA, Inc for 1993

CALENDAR YEAR 1994

| | |
|---|---|
| **January** | |
| 3 | small hydroelectric income |
| 13 | insurance refund |
| 17 | small hydroelectric income |
| **February** | |
| 3 | loan against CD at bank |
| 11 | small hydroelectric income |
| 14 | legal management client fees |
| 18 | small hydroelectric income |
| 21 | political client expense refund (not Chenoweth for Congress Commitee) |
| **March** | |
| 1 | small hydroelectric income |
| 7 | tax refund for 1993 |
| 19 | small hydroelectric project income |
| 29 | legal management client to trust |
| **April** | |
| 4 | legal management client fees |
| 10 | miscellaneous reimbursement |
| 13 | small hydroelectric project income |
| 25 | legal management client fees |
| **May** | |
| 13 | small hydroelectric project income |
| **June** | |
| 9 | legal management client fees |
| 10 | small hydroelectric project income |
| 17 | CD maturity interest income |
| 22 | small hydroelectric project income |
| **July** | |
| 5 | legal management client fees |
| 5 | political client reimbursement of costs (not Chenoweth for Congress Committee |
| 8 | small hydroelectric project income |
| 15 | voided check |
| **August** | |
| 1 | small hydroelectric project income |

| | | |
|---|---|---|
| 4 | | small hydroelectric project income |
| 12 | 2,225 00 | Chenoweth for Congress costs on acct/costs |
| 23 | – | small hydroelectric project income |
| September | | |
| 19 | 5,000 00 | Chenoweth for Congress on acct/costs |
| 19 | | miscellaneous |
| 21 | 646 37 | Chenoweth for Congress on acct/costs |
| 26 | | small hydroelectric project income |
| October | | |
| 6 | 1,549 50 | Chenoweth for Congress on acct/costs |
| 13 | | legal management client costs/fees |
| 17 | | small hydroelectric project income |
| 21 | | small hydroelectric project income |
| November | | |
| 2 | 1,108 48 | Chenoweth for Congress on acct/costs |
| 3 | 675 00 | Chenoweth for Congress on acct/costs |
| 7 | 1,500 00 | Chenoweth for Congress on acct/costs |
| 16 | 1,000 00 | Chenoweth for Congress on acct/costs |
| 22 | | small hydroelectric project income |
| 22 | 3,336 59 | Chenoweth for Congress on acct/costs |

describe how mcuh she took home in september, oct, nov, dec 1994 and into 1995

| | |
|---|---|
| Total Income for Calendar Year 1994 | |
| Minus Transfers to Trust for clients | |
| Minus payments by Chenoweth for Congress Committee | 18,367 43 |
| Total Income to CA, Inc after above deductions | |

As noted above, Ms Chenoweth earned approximately $33,150 00 for calendar year 1994 (See Exhibit "H" of Amended Complaint) Ms Chenoweth continued to work full time well into the year at Consulting Associates, Inc as a consultant helping with the clients of CA, Inc Her chief client provided regular retainers to CA, Inc for Mrs Chenoweth's work She managed that client's various efforts to work with the government on his projects and to manage his attorneys relative to a major lawsuit in question She traveled quite a bit for this particular client and spent many, many hours during the 1994 campaign working for him As her own campaign became more tense, she had to draw away from her full-time work in August/September, 1994, and she went into full-time campaigning for the U S Congress in September, 1994 Yet, even in September of 1994, she did some work for her client, assisting him in obtaining other consultants and in closing down her work for him

As you can tell from the figures above, her income to the corporation was only a portion of the income for CA, Inc. in 1993, and in 1994. In October, November, and December, there were no salary payments or bonuses paid by CA, Inc. to Rep. Chenoweth. Likewise, there have been no salary payments or bonuses made out to Rep. Chenoweth.

I have enclosed along with this letter copies of the billings from CA, Inc. They provided financial planning consulting, along with the development and implementation of their financial plan for their client, Chenoweth for Congress Committee. The billings represents the costs and fees associated with the work done by CA, Inc. on behalf of the Committee. The bills were paid, costs reimbursed, and these monies were not converted to Mrs. Chenoweth's personal use as there was more than sufficient income from her work and efforts to cover her own salary at CA, Inc. in both years 1993 and 1994.

Much of Mr. Mauk's allegations are generalized in nature and do not represent the real facts of this matter. It is my hope that the foregoing will explain and answer the amended complaint in this matter. If you have any questions, please do not hesitate to contact me.

Thank you.

Sincerely,

John C. Keenan
Attorney at Law
Chenoweth for Congress
Committee

jck

9 8 0 4 3 8 6 0 0 3 2

file
CA - Account
receivable

CONSULTING ASSOCIATES
JANUARY BILLING
February 3, 1995

Chenoweth for Congress
P.O. Box 897
Boise, ID 83702

| ITEM | COST |
|---|---|
| Diana Chenoweth Secretarial time (50%) | $332.00 |
| Vernon Ravenscroft (15%) | $332.00 |
| Pro-rata of Rent (75%) | $506.25 |
| Computer Rental - 1 | $100.00 |
| **TOTAL** | $1270.25 |

Please except this as your total billing for January, 1995. Billings for phone, fed-x, credit card charges, etc. will be separate and campaign can pay directly to the companies.

Thank You,

Vernon Ravenscroft
President - Consulting Associates

also Supreme Court Copy work - Bill just received from Diane Chenoweth & Copy attached $6.75

revised total $1,277.00

Vernon Ravenscroft

1,277.00

Consulting Associates, Incorporated

BOISE OFFICE —
VERNON RAVENSCROFT
HELEN CHENOWETH

PHONE (208) 345-8870
FAX (208) 345-2870
1040 BROADWAY, SUITE 102
BOISE, IDAHO 83706

December 1, 1994

Billing for November expenses, use of facilities and staff.

| ITEM | CHARGE |
|---|---|
| Pro-rata of months rent based on staff occupancy. | $600.00 |
| Receptionist - pro-rata of time. (evaluation on file 90%) | $949.55 |
| V.R. pro-rata of time (50%) | $1,208.42 |
| Use of supplies, office equipment and facilities | $200.00 |
| Rental - two computers, exclusive campaign and transition use. | $200.00 |
| Amount due for November 1994 Expense and labor | $3,157.97 |

Vernon Ravenscroft



01-31-1995 02:29PM FROM TO 12084688903 P.21

Consulting Associates, Incorporated

BOISE OFFICE
VERNON RAVENS
HELEN CHENOWETH

[illegible]
[illegible]
[illegible]

December 22, 1994

Billing for December expenses, use of facilities and staff.

| ITEM | CHARGE |
|---|---|
| Pro-rata of months rent based on staff occupancy. | $600.00 |
| [illegible] - pro-rata of time. (Total [illegible] on file 90%) | $1,042.02 |
| V.R. pro-rata of time (75%) | $1,537.50 |
| Use of supplies, office equipment and facilities | $200.00 |
| Rental - two computers, exclusive campaign and transition use. | $200.00 |
| Amount due for December 1994 Expense and labor | $3,579.52 |

pd
ck# 2214
12-22-94



01-31-1996 04:39PM FROM TO 12084668903 P.02

Consulting Associates, Incorporated

BOISE OFFICE –
VERNON RAVENSCROFT
HELEN CHENOWETH

PHONE [illegible]
FAX [illegible]
1045 BROADWAY, SUITE 100
BOISE, IDAHO 83706

November 2, 1994

Billing for ~~November~~ October expenses, use of facilities and staff.

| Item | Charge |
|---|---|
| September billing | $3,875.75 |
| Recieved on account | - $1,549.50 |
| Carry over from September billing | $2,326.25 |
| Pro-rata of months rent based upon staff occupancy (75%) | $506.25 |
| Receptionist - Pro-rata of time. (evaluation on file at C.A.) | $782.00 |
| Use of supplies, office equipment and facilities. | $187.50 |
| **Amount due November 1994 expense and labor plus carry over from September** | **$3,802.00** |

Vernon Ravenscroft

October 13, 1994

Billing for September expenses, use of facilities and staff. As per October 11, 1994 conversation between Mike Duff and Vernon Ravenscroft.

| Item | Charge |
|---|---|
| Pro-rata of months rent based upon staff occupancy (75%) | $506.25 |
| Receptionist - Pro-rata of time. (evaluation on file at C.A.) | $782.00 |
| Use of supplies, office equipment and facilities. | $187.50 |
| Rent two computers for one year. Nov. 1993 thru Oct. 1994. (documentation of fee and use time on file at C.A) | $2,400.00 |
| **Amount due September 1994 expense and labor plus computer rent for total period of use.** | $3,875.75 |

Vernon Ravenscroft
10/13/94

2304386007

995-01-31 17:07 208 934 5577 THREE D THREE PRINTING 005 P03

Consulting Associates, Incorporated

BOISE OFFICE —
VERNON RAVENSCROFT
HELEN CHENOWETH

PHONE (208) 345-2870
FAX (208) 345-2878
1843 BROADWAY, SUITE 102
BOISE, IDAHO 83706

OCTOBER 18, 1994

Consulting Associates has contacted three computer companies in order to decide a fair rental price for two 386 computers with monitors to the Chenoweth for Congress campaign. Companies contacted and rental quotes as follows:

Bit by bit - $139.00 per month

Computerland - $185.00 per month

D&B Systems - $100.00 per month

Based on these quotes the rental price will be $100.00 per month for the period of November 1993 thru October 1994 for a total of $2,400.00.

Vernon Ravenscroft

October 12, 1994

To: Vernon Ravenscroft, President
Consulting Associates
1843 Broadway Ste 102
Boise, ID. 83706

Re: Percentage of time spent on campaign work.

I have examined my work schedule and for the month of September find that I spent approximately 80% of my total work hours on campaign related efforts. For our records we certainly can justify at least a 75% charge to the campaign: 132 hours @ $5.50 an hour for a total of $726.00.

Diana L. Chenoweth

Diana Chenoweth

9804786009

John Charles Keenan, Esq.

P.O. Box 340
Nampa, ID 83653
September 8, 1994

Ms. Mary L. Taksar
Central Enforcement Docket
Federal Election Commission
Washington, D.C. 20463

RE: HELEN P. CHENOWETH
MUR 4034

Dear Ms. Taksar:

I represent the Chenoweth for Congress Committee regarding above referenced MUR 4034, and the complaint executed by Bill Mauk, Esq., chairman of the Idaho Democrat Party. In the interest of time, I am forwarding this to you, without an executed designation of counsel statement since the candidate is presently unavailable. However, once I obtain the executed statement, it will be forwarded to you immediately.

Mrs. Chenoweth instructed key personnel early on, prior to the commencement, that the campaign is not to accept campaign contributions or loans from corporations. Once Mrs. Chenoweth discovered the loan from the corporation, it was incumbent upon her to promptly pay back the subject amount, and it was done so within 35 days of the initial two part transfer. Earlier this year FERC made an inquiry to both the candidate and the treasurer, and a response to the inquiry was formally given.

She announced her intention to run in early June 1993, yet she technically was not a candidate for federal office within the meaning of federal law under 2 U.S.C. Section 431(2)(A), as she had not received contributions in excess of $5,000.00 prior to the end of June 1993.

I have enclosed a copy of earlier correspondence to the FEC relating to MUR4034, one from myself and another from Wayne Crow, the Campaign Treasurer.

Mrs. Chenoweth promptly paid back the amount and regrets the error involved. If I can be of any further service in response to questions, please let me know. Thank you.

Sincerely,

John C. Keenan
Legal Counsel for
Chenoweth for Congress

JCK/sjk
cc: Helen P. Chenoweth
Wayne Crow, Treasurer
Vernon Ravenscroft, Chairman
Michael Duff, Manager

RECEIVED AUG 21 1994

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

AUGUST 19, 1994

Helen Chenoweth
1843 Broadway #102
Boise, ID 83706

RE: MUR 4034

Dear Ms. Chenoweth:

The Federal Election Commission received a complaint which indicates that you may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4034. Please refer to this number in all future correspondence.

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

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

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If you have any questions, please contact Alva E. Smith 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
Central Enforcement Docket

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

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IDAHO STATE DEMOCRATIC PARTY

Boise ID 83701
Phone (208) 336-1815
Toll Free in Idaho 1-800-342-ISDP (4737)
FAX (208) 336-1817

EXECUTIVE COMMITTEE
Bill Mauk, Boise
Chair

Anne Wilson Wallace
Vice-Chair

Carolyn Boyce, Boise
Treasurer

Diane Josephy-Pewey, Caldwell
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John Greenfield, Boise
National Committeeman

Mary Lou Reed, Coeur d'Alene
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Sally Britta, American Falls

Karen Comstock, Boise

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Lane Sapp, Post Falls

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Larry Gwin, Chair, Pocatello
Idaho Democratic County Officials

EXECUTIVE DIRECTOR
Alan Minshall

FINANCIAL MANAGER
Marsha Woods

EXECUTIVE SECRETARY
Julie Dedman

August 8, 1994

MUR 4034

1994 AUG 12 12 29 PM '94
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

Lawrence Noble, Esq.
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Dear Mr. Noble:

The following constitutes a Complaint by the Idaho State Democratic Party, seeking immediate redress of a violation of the Act by Helen Chenoweth and her principal campaign committee the Chenoweth Committee for Congress ("the Committee"). Mrs. Chenoweth openly reported an illegal loan she obtained for her campaign from Consulting Associates, Inc., a corporation of which she is an officer or principal. This loan violates the federal law prohibition on corporate contributions.

**Loan and Corporate Spending Violation**

The loan in question is reflected in the July 31, 1993 mid-year report by the Chenoweth Committee. On Schedule A, line 13 (a) there appears clearly disclosed two loans of $1,250 and $500 on May 25 and June 11, 1993, respectively (Exhibit "A"). The lender is identified as Consulting Associates, Inc. It is a corporation whose Articles of Incorporation are attached as an exhibit hereto (Exhibit "B").

The report also shows that on June 30, 1993 the Committee repaid Consulting Associates, Inc. the loan. It appears that Ms. Chenoweth "guaranteed" the corporate loan, apparently on some belief that if the committee did not repay the loan, she would do so on the committee's behalf.

These transactions violate the requirements of federal law. The Act prohibits corporations from making contributions to federal candidates. 2 U.S.C. § 441b. The term "contribution" includes any "loan" by a corporation. The requirement applies to all corporations -- to <u>any</u> corporation. 11 C.F.R. § 114.1 (a). Ms. Chenoweth cannot excuse this conduct by relying on her role within Consulting Associates, Inc., her personal

"guarantee" or the size of the corporation. The resources that she used were corporate resources used in violation of the requirements of federal law.

**Reporting Violation**

Ms. Chenoweth's report, while it reveals the loan as a corporate contribution does not properly report it, in violation of § 434 of the Act. She cannot "guarantee" a corporate loan nor may she suggest that corporation make such as such. The report that she filed misleads the public on the question of both the character and lawfulness of these illegal lending transactions. The subsequent repayment that she made does not cure the violation.

**Conclusion**

With some concern that Ms. Chenoweth may decide to rely on corporate resources in the future days to continue her campaign, it is important that the FEC address this violation promptly and make clear to Ms. Chenoweth that the only funds upon which she may rely in this campaign are those permitted under federal law. Additionally, we urge the FEC to impose proper fines and penalties to the Chenoweth Campaign Committee sending a clear message to all concerned that the Act has the force of law and will be strictly and consistently enforced by the Committee.

If I can offer anything more, please let me know, and please keep me apprised of your action on this Complaint.

Very truly yours,

Bill Mauk

Bill Mauk, Chair
Idaho Democratic Party

SUBSCRIBED AND SWORN to before me, the undersigned Notary in and for said State, this 8th day of August, 1994.

Carol A Ehart

NOTARY PUBLIC For Idaho
Residing at Boise, therein.
My Commission expires 2/7/98

John Charles Keenan, Esq.

P.O. Box 340
Nampa, Idaho 83653-0340
February 28, 1994

Tracy L. Slade
Reports Analyst
Federal Election Commission
Reports Analysis Division
Washington, D.C. 20463

Re: Chenoweth for Congress

Dear Ms. Slade:

Thank you for your letter and notice of 14 February, and your return phone call of 24 February 1994. I am the legal counsel for the Chenoweth for Congress Committee. On behalf of that committee, we hereby acknowledge your letter and, as you know, we took appropriate and timely action to pay back the subject amount.

Please be advised that since the date of repayment all committee members and staffers have been repeatedly and expressly instructed not to accept corporate contributions.

This will not happen again. Thank you for your consideration. Please contact me if you have any questions.

Sincerely,

John C. Keenan
Legal Counsel for
Chenoweth for Congress

JCK/sjk
cc: Helen P. Chenoweth
Vernon Ravenscroft
Dennis Mansfield
Ken Wilde

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CHENOWETH FOR CONGRESS
P.O. Box 897
BOISE, IDAHO 83701-0897

March 14, 1994

Clerk of the House of Representatives
1036 Longworth House Office Building
Washington, DC 20515

RE: Chenoweth for Congress

ATTN: Tracy L. Slade

Dear Mrs. Slade:

Yes, we had a loan from a corporation which opened the bank account for the election committee. As soon as the committee got the campaign guide and read it, we realized the monies were prohibited and it was then immediately paid back.

I hoped the report openly reflected this information and I regret the error.

Very truly yours,

Wayne Crow
Treasurer

WC:mja

93047860006

Mailed 3-14-94 JR

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

**Via Facsimile and First Class Mail** May 9, 1996

John C. Keenan, Esq.
Goicoechea Law Offices
P.O. Box 340
Nampa, Idaho 83653

RE: Chenoweth Committee

Dear Mr. Keenan:

In an April 18, 1996 letter to Tracy Slade you respond to the Commission's request for additional information on the Chenoweth Committee's non-filing of a schedule C-1 form pertaining to the November 8, 1995 loan from West One Bank. You state in pertinent part that because you cannot obtain a signed C-1 from West One Bank, "I am directing the campaign to amend prior reports with regard to this loan, and show it as a personal loan from the bank to Helen Chenoweth, and that this has in turn been loaned to the campaign."

The Chenoweth Committee's failure to timely submit a schedule C-1 is implicated in MUR 4283, and the Commission will address this issue within the context of the MUR. Please do not amend the Committee's reports to describe the 1995 loan as a personal loan from Congresswoman Chenoweth to the Chenoweth Committee until and unless you hear from the Commission.

Sincerely,

Stephan O. Kline
Attorney

cc: Tracy Slade
Reports Analysis Division

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

*May 30, 1996*

Robert J. Lane
Treasurer, West One Bancorp PAC
101 South Capitol Blvd.
Boise, ID 83702

RE: MUR 4283
West One Bank

Dear Mr. Lane:

You requested, on your 1996 April 15 Quarterly Report, that the Federal Election Commission permit the West One Bancorp PAC ("Committee") to terminate pursuant to 2 U.S.C. § 433(d) and Section 102.3 of the Commission's Regulations. Because of an ongoing enforcement matter involving West One Bank, this request has been denied. Therefore, you are reminded that the Committee must continue to file all the required reports with the Commission until such time as the enforcement matter has been closed as to the Committee.

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

Sincerely,

Stephan O. Kline
Attorney

cc: Shawn Woodhead Werth, Reports Analysis Division
Neil Evans, Reports Analysis Division

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

**FIRST GENERAL COUNSEL'S REPORT**

**SENSITIVE**

| | |
|---|---|
| MUR | 4283 |
| Pre-MUR | 323 |
| Date Complaint filed: | November 21, 1995 |
| Date Pre-MUR received: | November 27, 1995 |
| Date Activated: | January 26, 1996 |
| Staff Member: | Stephan O. Kline |

| | |
|---|---|
| COMPLAINANT: | William L. Mauk, Chair<br>Idaho Democratic Party |
| REFERRAL: | U.S. Department of Justice |
| RESPONDENTS: | Helen Chenoweth<br>Chenoweth for Congress Committee and Wayne Crow, as treasurer<br>West One Bank<br>Consulting Associates, Inc. |
| RELEVANT STATUTES: | 2 U.S.C. § 434<br>2 U.S.C. § 439a<br>2 U.S.C. § 441b |
| INTERNAL REPORTS CHECKED: | Disclosure Reports |
| FEDERAL AGENCIES CHECKED: | None |

## I. GENERATION OF MATTER

MUR 4283 arose from a complaint received on November 21, 1995 by the Federal Election Commission ("Commission). William L. Mauk, Chair of the Idaho Democratic Party ("Complainant") alleged that Helen Chenoweth and her campaign committee, Chenoweth for Congress Committee and Wayne Crow, as treasurer, ("Chenoweth Committee" or "Committee") and West One Bank violated provisions of

the Federal Election Campaign Act of 1971, as amended, ("Act" or "FECA"). Respondents Helen Chenoweth, the Chenoweth Committee, and West One Bank were notified of the complaint on November 29, 1995. Respondents Helen Chenoweth and the Chenoweth Committee ("Chenoweth Respondents") responded to the complaint on December 15, 1995, and West One Bank responded to the complaint on January 18, 1996.

On November 27, 1995, the Commission received Pre-MUR 323, a referral from the Department of Justice, U.S. Attorney for the District of Idaho, concerning the same allegations arising in MUR 4283. On January 16, 1996, the Commission received an amended complaint in MUR 4283 addressing additional violations of the Act. Respondents Helen Chenoweth, the Chenoweth Committee, and Consulting Associates, Inc. (collectively, with West One Bank, "Respondents") were notified of the amendment to the complaint on January 23, 1996. The Chenoweth Respondents responded on February 12, 1996.

## II. FACTUAL AND LEGAL ANALYSIS

### A. Law

#### 1. Corporate Contributions

It is unlawful for any corporation to make a contribution or expenditure in connection with a federal election, or for any candidate or political committee to knowingly accept any prohibited contribution. 2 U.S.C. § 441b(a). A contribution or expenditure includes any direct or indirect payment, distribution, loan, advance, deposit, or gift of money or any services, or anything of value. 2 U.S.C. § 441b(b)(2).

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The regulations exclude from the definition of contribution and expenditure "[a]ny activity which is specifically permitted by Part 114." 11 C.F.R. § 114.1(a)(2)(x). Activity which is permitted by Part 114 and which is particularly relevant in this case is the "[u]se of corporate or labor organization facilities" by certain persons under certain circumstances. Stockholders or employees of a corporation who engage in volunteer activity may make occasional, isolated or incidental use of corporate facilities in connection with a federal election without causing the corporation to make a contribution. 11 C.F.R. § 114.9(a)(1). For those activities fitting within this provision, stockholders or employees must reimburse the corporation to the extent that overhead is increased. If a stockholder or employee makes more than occasional, isolated, or incidental use of corporate facilities for individual volunteer activity, the stockholder or employee must reimburse the corporation within a commercially reasonable time for the normal and usual rental charge of the facilities.

11 C.F.R. § 114.9(c) provides that: "Any person who uses the facilities of a corporation or labor organization to produce materials in connection with a Federal election is required to reimburse the corporation or labor organization within a commercially reasonable time for the normal and usual charge for producing such materials in the commercial market." Similarly, persons, other than corporate employees or stockholders, who use corporate facilities such as telephones or typewriters in connection with federal elections must reimburse the corporation within a reasonable time for the normal and usual rental charge. 11 C.F.R. § 114.9(d). The term "usual and

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normal charge" for goods means the price of those goods in the market from which they ordinarily would have been purchased at the time of the contribution or expenditure. 11 C.F.R. § 100.7(a)(1)(iii)(B) and 11 C.F.R. § 100.8(a)(1)(iv)(B).[1]

11 C.F.R. § 116.3(b), which is part of the regulatory scheme addressing debts owed by political committees or candidates, provides that a corporation in its capacity as a commercial vendor may extend credit to a candidate, political committee, or another person on behalf of a candidate or political committee provided that the credit is extended in the ordinary course of the corporation's business. 11 C.F.R. § 116.1(c) defines "commercial vendor" as "any person providing goods and services to a candidate or political committee whose usual and normal business involves the sale, rental, lease or provision of those goods or services."

**2. Bank Loans**

Pursuant to 2 U.S.C. §§ 431(8)(B)(vii) and 441b(b)(2), and 11 C.F.R. §§ 100.7(b)(11) and 100.8(b)(12), a loan by a bank is not a contribution if such loan is made in accordance with applicable banking laws and regulations and is made in the ordinary course of business. A loan will be deemed to be made in the ordinary course of business if it meets four criteria: 1) the loan bears the usual and customary interest rate of the lending institution for the category of loan involved; 2) the loan is made on a basis which assures repayment; 3) the loan is evidenced by a written instrument; and 4) the

[1] Since the time the activities at issue in this MUR took place, the Commission has promulgated new regulations on corporate facilitation. These regulations appear at 11 C.F.R. § 114.2(f).

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loan is subject to a due date or amortization schedule. 2 U.S.C. § 431(8)(B)(vii) and 11 C.F.R. § 100.7(b)(11).

A loan will be considered to have been made on a basis which assures repayment if it is obtained using one of two sources of repayment or a combination of both. The first possible source of repayment is if the lending institution has perfected a security interest in collateral owned by the candidate or political committee receiving the loan, and the fair market value of such collateral, less any liens, is equal to or greater than the loan amount. The second possible source of repayment is if the candidate or political committee provides the bank with a written agreement pledging future receipts such as public financing, contributions, or interest income, the amount of which is equal to the loan. 11 C.F.R. § 100.7(b)(11)(i). If these criteria are not met, the Commission will consider the totality of the circumstances on a case-by-case basis in determining whether a loan was made on a basis which assures repayment.
11 C.F.R. § 100.7(b)(11)(ii).

Pursuant to 11 C.F.R. § 101.2(a), any candidate who obtains any loan in connection with his or her campaign shall be considered as having obtained such a loan as an agent of his or her authorized committee.

**3. Reporting Requirements**

FECA requires the principal committee of each candidate for federal office to report each person who makes a loan to the reporting committee during the reporting period together with the identification of any endorser or guarantor of the loan, the date the loan was made, and the value of the loan. 2 U.S.C. § 434(b)(3)(E). In addition, the

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committee is required to report each person who receives a loan repayment from the reporting committee during the reporting period, along with the date and amount of each such loan repayment. 2 U.S.C. § 434(b)(5)(d). The term "person" is defined as "an individual, partnership, committee, association, corporation, labor organization, or any other organization or group of persons. . . ." 2 U.S.C. § 431(11).

Under the Act, a bank loan obtained by a candidate is a receipt which must be reported to the Commission in the first report following a political committee's receipt of the loan. The regulations require that along with the report, the campaign must file a Schedule C-1 containing several types of information including: the date and amount of the loan; the interest rate and rate of repayment; the type and value of collateral used to secure the loan; whether the security is perfected; and an explanation of the basis upon which the loan was made if not made on the basis of traditional collateral or other permitted sources of repayment. The Schedule C-1 must also contain certification from the lending institution stating that the terms of the loan as reported are accurate; that the lending institution was aware of the Commission's loan regulations; that the loan is made on a basis that assures repayment; and that the loan was made with no more favorable rates or terms than other loans. 11 C.F.R. § 104.3(d). Pursuant to 2 U.S.C. § 434(b)(4), a committee must also report all disbursements made during the reporting period.

**4. Personal Use**

Excess campaign funds are those amounts received by a candidate as contributions which the candidate determines are in excess of any amount necessary to defray his or her campaign expenditures. 11 C.F.R. § 113.1(e). Pursuant to

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2 U.S.C. § 439a, excess campaign funds may be used to support any ordinary and necessary expenses incurred in connection with the recipient's duties as a holder of Federal office; and may be used for any other lawful purpose, including transfers without limitation to any national, state or local committee of any political party. No such excess funds may be converted by any person to any personal use. New regulations define "personal use" to include any use of funds in a campaign account of a present or former candidate to fulfill a commitment, obligation or expense of any person that would exist irrespective of the candidate's campaign or duties as a Federal officeholder. 11 C.F.R. § 113.1(g). The Commission has interpreted Section 439a so as to prohibit the use of campaign funds "to confer a direct or indirect financial benefit on such individual except in those situations where the financial benefit is in consideration of valuable services performed for the campaign." AO 1987-1 and AO 1986-39.

**B. Complaint and Referral**

Complainant William L. Mauk, Chair of the Idaho Democratic Party, filed a complaint with the Commission on November 21, 1995. He alleges that Helen Chenoweth, the Chenoweth for Congress Committee and Wayne Crow, as treasurer, and West One Bank violated FECA by receiving or making an "illegal" bank loan. Complainant alleges that Helen Chenoweth received a bank loan of $40,400 from West One Bank, which was made without collateral or other security and thus did not meet the Act's requirement that it be "made on a basis which assures repayment." Complainant further alleges that the loan initially was reported on Committee reports as a personal loan from Helen Chenoweth to her campaign committee and not as a bank loan from West

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One Bank and originally was reported as bearing an interest rate of ten and one-quarter percent.

On November 27, 1995, Betty H. Richardson, United States Attorney for the District of Idaho, referred the same loan issue to the Commission as Pre-MUR 323. According to Ms. Richardson, "questions have arisen as to whether the loan was, in fact, an arms length transaction. . . . My initial review indicates that, while the loan was not reported, it was not necessarily made outside the normal course of banking business. At this juncture, the loan does not appear to be of a corrupt nature such as would normally warrant a criminal investigation." U.S. Department of Justice Referral (November 27, 1995).

On January 16, 1996, Complainant amended his complaint alleging that during the 1993-1994 election cycle, Congresswoman Chenoweth and her campaign committee were engaged in a series of transactions with Consulting Associates, Inc. ("Consulting Associates") involving corporate contributions and the conversion of campaign funds to the candidate's personal use. Complainant enclosed FEC reports filed by the Chenoweth for Congress Committee recording a $1,750 loan by Consulting Associates to candidate Chenoweth which was later repaid with campaign funds. Complainant also included a copy of a FEC report containing a $2,500 disbursement to Consulting Associates labeled "travel disbursement." Consulting Associates is an Idaho corporation and Helen Chenoweth is a principal owner, officer, and employee of this corporation. During the 1993-94 campaign, expenditures by the Chenoweth Committee to Consulting Associates totaled over $35,000 and included payments for rental, phone expenses, office/equipment

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rental and consulting fees. During this period, "the candidate was the secretary and treasurer of the corporation and relied upon its consulting and other services as her principal, if not exclusive, source of income." Supplemental Complaint at 2 (January 16, 1996).

According to Complainant, during vigorous 1994 primary and general election campaigns, "Public appearances and reliable information from close observers are that these campaigns were virtually full-time commitments by the candidate. Despite this, surprisingly, the House Financial Disclosure Statements reflect that Ms. Chenoweth's salary from Consulting Associates increased during her 1994 campaign, as compared to the prior, non-election year." Id. at 3. Complainant notes the Committee first declared a $8,349.11 debt to Consulting Associates in its 1994 year-end report but that this debt is labeled "consulting primary." Complainant concludes by stating: "All indications from the available public records are that Ms. Chenoweth was paying herself directly or indirectly for 'consulting' services to her own campaign. By funneling money from her campaign through Consulting Associates, Inc., it appears that Ms. Chenoweth was able to launder political contributions for her personal gain." Id.

**C. Responses**

**1. Helen Chenoweth**
**Chenoweth for Congress Committee and Wayne Crow, as treasurer**

Helen Chenoweth and the Chenoweth Committee responded to the initial complaint on December 15, 1995. Counsel contends that the 1994 West One Bank loan "was not a contribution within the meaning of the FEC laws, as it was done in the normal course of the bank's business based upon Ms. Chenoweth's creditworthiness, her assets

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that far exceeded the obligations involved, and her long term relationship with the bank, and that the loan was in accordance with all applicable laws." Chenoweth Response at 1 (December 15, 1995).

According to this response, the listing of the loan at $40,000 instead of $40,400 (a base loan of $40,000 and $400 in transactional fees) on FEC forms was "inadvertent." The Committee also states that the loan's initial interest rate was 10%, which was the usual and customary interest rate for the loan. The Committee originally reported the loan as coming from Ms. Chenoweth; however, in January, 1995, the Committee treasurer obtained a statement from the West One Bank loan officer, provided the statement to the FEC, and disclosed details of the loan. "The record clearly shows that there was never any attempt to falsify or 'hide' the loan, and any errors made in reporting the loan were harmless mistakes based on a plain reading of the relevant guidelines." Id.

The Chenoweth Respondents state that Ms. Chenoweth had banked with West One Bank and its predecessor-in-interest (Idaho First National Bank) for twenty years, and she had received financing for various projects from the bank. "Her ability to obtain a loan of $40,000.00 was nothing new with West One Bank." Id. The Chenoweth Respondents insist that Ms. Chenoweth's assets "far exceeded what she owed on such a loan," noting that she only owed $30,000 on her home which was assessed at $72,000 and is presently valued at $91,000. Ms. Chenoweth contends that she met her interest obligations in 1995 and the loan was paid off by refinancing and securing the new loan with a second mortgage on her residence. Respondents note "that in response to concerns raised in the news media regarding the loan, Mrs. Chenoweth promptly went the extra

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mile by securing the loan with a second mortgage on her residence." Id. at 2. "Prior to becoming a candidate for Congress, it was not unusual for Ms. Chenoweth to sign a personal guarantee in the form of a promissory note for a loan, credit line, or credit card on behalf of the corporation she worked for and whom she was the secretary-treasurer." Id.

Counsel states that, although in news reports Ms. Chenoweth was quoted as saying her campaign was in touch with lawyers, in fact this was a misstatement and the Committee had received advice from the National Republican Congressional Committee. Counsel also states that he posed questions to a "non-lawyer on the FEC staff . . . regarding the same scenario involving the loan in question, and the response was that a loan involving only a promissory note was completely legal as long as it was in the normal course of business of the bank and bore the customary interest rate." Id.

On February 12, 1996, counsel for Ms. Chenoweth and the Chenoweth Committee responded to the amended complaint.[2] Counsel initially notes that the issue of the Chenoweth Committee's acceptance of loans from Consulting Associates was previously "asked and answered" in MUR 4034.[3] The Chenoweth Respondents contend that the $2,500 "travel reimbursement" to Consulting Associates was "a payment on account at Consulting Associates, Inc. for services and expenses relating to

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[2] The Commission did not receive a response from Consulting Associates.

[3] In MUR 4034, complainant Bill Mauk, Chair of the Idaho Democratic Party and the complainant in this matter, alleged that Helen Chenoweth and the Chenoweth for Congress Committee violated FECA by accepting two loans totaling $1,750 from Consulting Associates, Inc. Because that matter involved less significant issues relative to other matters pending before the Commission, a limited amount of money, and because the respondents had undertaken remedial action, the Commission took no action and closed the file effective November 14, 1994.

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consultation. . . ." Chenoweth Response at 1 (February 12, 1996). Counsel denies that Ms. Chenoweth used corporate resources to circumvent campaign finance laws and states that payments by the campaign to Consulting Associates were not converted to Ms. Chenoweth's personal use.

Counsel included monthly billing records from Consulting Associates to the Chenoweth campaign. The following chart is derived from the records:

| Bill Month | Rent | Receptionist | Supplies | Computers | Mr. Ravenscroft |
|---|---|---|---|---|---|
| **September 1994** | $506.25 (75%)[4] | $782 | $187.50 | $2,400 11/93-10/94 | -- |
| **October 1994** | $506.25 (75%) | $782 | $187.50 | -- | -- |
| **November 1994** | $600 | $949.55 (90%) | $200 | $200 | $1,208.42 (50%) |
| **December 1994** | $600 | $1,042.02 (90%) | $200 | $200 | $1,537.50 (75%) |
| **January 1995** | $506.25 (75%) | $332 (50%) | $6.75 | $100 | $332 (15%) |

Attachment 4.

The Chenoweth Respondents state that Consulting Associates had more than enough income to pay Ms. Chenoweth's salary from sources other than the Chenoweth Committee. These sources included prior political clients and current governmental affairs clients. Counsel refers to U.S. House of Representatives financial disclosure

[4] The percentage within parentheses allegedly is the portion of the Consulting Associates' resources used by the Committee in that month. Apparently, Consulting Associates billed the Chenoweth Committee for a percentage of the amount that the corporation actually paid for the item.

statements which had been attached to the amended complaint to list Ms. Chenoweth's income received from Consulting Associates. In 1993 she earned $25,350. In 1994 she earned $33,150, $23,450 prior to May 1, of that year. Counsel contends: "Mr. Mauk alleges that Rep. Chenoweth received a substantial increase in income and thereby creates an illusion Consulting Associates, Inc. had little or no income of its own during 1994, that Rep. Chenoweth was not working during the campaign, and that her private business had come to a complete halt. This is simply not true. Such bald assertions are not supported by the facts." Id. at 3.

Counsel then lists all income for 1993 and all income for 1994 . He states:

> Ms. Chenoweth continued to work full time well into the year at Consulting Associates, Inc. as a consultant helping with the clients of CA, Inc. Her chief client provided regular retainers to CA, Inc. for Mrs. Chenoweth's work. She managed that client's various efforts to work with the government on his projects and to manage his attorneys relative to a major lawsuit in question. She traveled quite a bit for this particular client and spent many, many hours during the 1994 campaign working for him. As her own campaign became more tense, she had to draw away from her full-time work in August/September, 1994, and she went into full-time campaigning for the U.S. Congress in September, 1994. Yet, even in September of 1994, she did some work for her client, assisting him in obtaining other consultants and in closing down her work for him.

Id. at 7. Counsel insists that in the last quarter of 1994 there were no salary payments or bonuses from Consulting Associates to Ms. Chenoweth and there have been none since she assumed office.

According to the response, the two principals of Consulting Associates -- Vern Ravenscroft and Helen Chenoweth -- "were politically involved. The company they started, Consulting Associates, Inc., used their expertise to consult and manage political campaigns, as well as lobbying the state legislature and dealing with governmental officials." Id. at 2. Consulting Associates was started in 1979 and began to wind down in January, 1995.[5] Counsel contends it was difficult to gather information for this response because Mr. Ravenscroft lives 100 miles from him and Wayne Crow, the Committee treasurer, has had colon cancer and "has been out of commission" since early December, 1995.

**2. West One Bank**

West One Bank responded to the complaint on January 18, 1996. The bank contends that "if there was any violation of the FECA by West One Bank, such a violation was a technical one, at best, and now has been rectified" -- the loan to Ms. Chenoweth was restructured in November, 1995, when she obtained a second mortgage on her residence. West One Bank Response at 1, (January 18, 1995). Prior to receiving the 1994 bank loan from West One Bank, Ms. Chenoweth had been a customer of West One Bank for five years. During that period she maintained an account with the bank, took out two loans, and had a line of credit. "Her payment history as to those loans and the line of credit had been excellent." Id.

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[5] According to counsel, Consulting Associates, Inc. is no longer an operating business and counsel believes that it may have forfeited its corporate status late in 1995 by failing to pay a corporation tax. Dun & Bradstreet states that it was informed by a former corporate officer of Consulting Associates that the corporation was discontinued in the latter part of 1995.

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On November 22, 1994, Ms. Chenoweth applied for a personal loan. According to West One Bank, "The loan officers who processed Ms. Chenoweth's loan application handled the application in the manner in which they would have handled any other individual's application for a personal loan for business purposes and followed the bank's routine procedures in processing the application." Id. at 2. The bank admits that this loan application may have been distinguished from others because the loan officers knew Ms. Chenoweth had been elected to Congress and thus would have a much higher guaranteed income. After reviewing Ms. Chenoweth's loan documents, the loan officers determined that she was qualified "under the bank's guidelines for the granting of personal loans," id., to receive a $40,400 unsecured loan (including $400 for the bank's loan fee) at a variable interest rate, initially at 10%.

West One Bank contends that this loan complied with all requirements, "except, possibly, the requirement that the loan be 'made on a basis which assures repayment', since the loan was unsecured." Id. Although Ms. Chenoweth had advised the bank that the money would be partially repaid with proceeds from fund-raisers and that part or all of the loan proceeds would be used for campaign debts, "the loan officers were not, aware and did not believe that fact might make the loan subject to any special requirement other than the bank's guidelines for the granting of loans." Id. at 2-3. Until the loan became the subject of media coverage in the fall of 1995, the bank was unaware of any possible "technical" deficiencies in the loan. West One Bank states:

> Once it appeared that the loan might not satisfy the "assurance of repayment" requirement, both the bank and Ms. Chenoweth took steps to rectify the situation. Ms. Chenoweth made a large principal payment against the November 23, 1994 loan. She then applied for, and received, a new loan from West One Bank that was secured by collateral in her

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> Idaho residence. The proceeds from that loan were used to retire the November 23, 1994 loan. . . . The new loan that West One Bank issued to Ms. Chenoweth on November 8, 1995 is fully collateralized and was subjected to the bank's normal and routine process for the granting of such loans.

Id. at 3. The bank contends that the new loan is in full compliance with the requirements of 11 C.F.R. § 100.7(b)(11). The bank also submitted certain documents relating to the 1994 and 1995 loans.

**D. Analysis**

**1. Making of the West One Bank Loans**

According to the regulations, a loan will be deemed to be made in the ordinary course of business if meets four criteria. The 1994 Chenoweth loan met two of the four criteria in that it was evidenced by a written instrument -- the promissory note -- and it was subject to a due date of November 23, 1995. However, this loan may not have been made in the ordinary course of business, as it appears that the loan neither met the assurance of repayment criterion nor bore the usual and customary interest rate of the lending institution for the category of loan involved. 11 C.F.R. §§ 100.7(b)(11) and 100.8(b)(12). Although Helen Chenoweth applied for these loans in her own name, she received them as an agent of the Chenoweth Committee pursuant to 11 C.F.R. § 101.2(a).

With respect to the assurance of repayment criterion, the bank did not receive either of the two alternative sources of repayment which automatically satisfy the assurance of repayment criterion as reflected in 11 C.F.R. § 100.7(b)(11)(i) -- it did not have a perfected security interest in collateral, the fair market value of which was greater than or equal to $40,000, and there was no written agreement signed by the candidate or

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her committee pledging future receipts.[6] Nor does the totality of the circumstances in this situation indicate that the loan was made on a basis which assured repayment. 11 C.F.R. § 100.7(b)(11)(ii).

West One Bank appears to concede that the 1994 loan probably would not meet the assurance of repayment requirement. The bank notes in its response that: "Once it appeared that the loan might not satisfy the 'assurance of repayment' requirement, both the bank and Ms. Chenoweth took steps to rectify the situation." West One Bank Response at 3. The bank acknowledges elsewhere: "As is readily apparent, the loan to Ms. Chenoweth complied with all of the requirements of 11 C.F.R. § 100.7(b)(11) except, possibly, the requirement that the loan be 'made on a basis which assures repayment', since the loan was unsecured." Id. at 2. Ms. Chenoweth appears to have restructured the loan using home equity after a number of newspaper articles commented unfavorably on this transaction.

Although West One Bank decided that Ms. Chenoweth was a good credit risk -- the loan memorandum recommending approval of the loan noted that Ms. Chenoweth has good repayment ability, good credit, limited debt, and a sure job for two years (Attachment 1 at 2) -- these factors do not satisfy the assurance of repayment criterion. In addition, it is not even clear that the bank memorandum supporting approval of the loan was accurate in stating that Ms. Chenoweth had good credit in 1994. Although the

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[6] Although Ms. Chenoweth had orally informed West One Bank that she would use campaign fund-raisers to repay a portion of the 1994 loan, this was not a pledge of future receipts required by 11 C.F.R. § 100.7(b)(11)(i)(B) and was not a basis to assure repayment, in particular because the Chenoweth Committee already had significant outstanding debts at the time this loan was made.

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bank did not attach Ms. Chenoweth's credit history to its response, there is no indication that the bank analyzed Ms. Chenoweth's credit history in 1994 or it would have noted that she had missed payments during the election year. In contrast, for the 1995 loan, the bank attached a consumer loan worksheet and checklist. This document noted on the "derogatory or insufficient credit history" section that "slow credit occurred during campaign year. Credit is now current." Id. at 11. Although there may have been different requirements for processing the unsecured 1994 loan and the 1995 secured loan, presumably this information would have appeared on a 1994 credit report which was ignored by the bank in its loan recommendation. Furthermore, in making the 1994 loan the bank received absolutely no collateral. Although the promissory note permitted a right of set off such that the bank could attach all funds held in Ms. Chenoweth's name at West One Bank, Ms. Chenoweth apparently had no personal accounts in the bank. On her financial statement dated November 23, 1994, Ms. Chenoweth listed her sole cash assets as $6,322 held by the National Guard Credit Union. Id. at 3.[7]

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[7] Other evidence that the 1994 loan may not satisfy the assurance of repayment criterion arises from the amount of the loan when compared to her net worth.

Two newspaper articles focusing on this transaction, one by the Associated Press and one appearing in the Idaho Statesman, state that the industry "rule of thumb" for unsecured loans is to make a loan equal to no more than 10% of an individual's net worth. An Idaho Statesman article by a reporter who attempted to mimic Ms. Chenoweth by applying for an unsecured loan and got kicked out of West One Bank by its president, notes that "[w]hen I filled out my application with Joyce Brewer, manager of the Statehouse branch, she said the 'general rule' for unsecured loans is 10 percent of a borrower's assets. . . . She also said the 10 percent rule is flexible." Attachment 2 at 2 and 4. This Office will gather additional information about this issue during its investigation.

Respondents also do not appear to have satisfied the requirement that the loan bear the usual and customary interest rate of the lending institution for the category of loan involved. The 1994 $40,000 unsecured loan was obtained at a variable rate equal to 1.5% over prime, initially at 10%. The 1995 loan was for $30,400 loaned at a fixed rate of 9.67%; in October, 1995 the prime rate was 8.75%. West One Bank did not provide information showing that the rates in effect for the 1994 and 1995 bank loans were the customary interest rates for the time periods during which the two loans were made, but publicly available information obtained concerning the current practices of two banks raises questions as to whether the loans may have been made below market rate.[8]

Recent communications between the Committee and the Commission raise additional questions regarding the 1995 loan. Pursuant to a recent request for additional information from the Reports Analysis Division questioning in part the Chenoweth Committee's failure to submit a C-1 and accompanying loan document relating to the

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[8] In an effort to determine whether the interest rate was something this Office should examine, this Office contacted Crestar, a local District of Columbia bank, and West One Bank in Boise, Idaho to find out how a bank's lending rate for personal loans is currently related to the prime rate for both secured and unsecured loans. On February 7, 1996, when the prime lending rate was 8.25%, Crestar would have charged 10.25% interest on a $40,000 secured loan (2% above prime) and would have charged 12.5% interest on a $40,000 unsecured loan (4.25% above prime). There would be no additional loan fees. According to a West One Bank loan officer, for a loan secured with home equity, the rate on a $40,000 loan would be either 9.68% (variable rate) or 10.15% (fixed rate), in addition to a $500 flat loan fee. If the same loan were unsecured the bank would charge 12.13% (variable rate) or 14% (fixed rate), in addition to a 1% loan application fee. Thus, both Crestar and West One Bank currently charge at least 2% more for an unsecured loan than for a secured loan and West One Bank currently charges almost 4% over prime for an unsecured adjustable rate loan. Although not determinative of the interest criterion for the 1994 and 1995 loans, it appears that at present an unsecured loan with an interest rate of 1.5% over prime and a secured loan with an interest rate of .92% over prime would not satisfy that criterion. In discovery, this Office intends to elicit West One Bank's practices regarding interest rates at the time these loans were made.

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1995 loan, counsel for the Chenoweth Committee states that West One Bank has "taken a firm position that [the 1995 loan] is a personal loan, as it is secured that it was a personal loan to Helen Chenoweth and not to the Committee." Chenoweth Committee Response to Request for Additional Information (April 23, 1996). Although not yet argued in context of the instant matter, West One Bank may now argue, at least with respect to the 1995 loan, that it did not have to comply with the regulations governing loans made to candidates or their committees because it had only made personal loans to Ms. Chenoweth.

If the loan is made to the candidate and then it is used for campaign purposes, the loan must meet the FECA's requirements governing loans to candidates and committees. Ms. Chenoweth sought the original 1994 loan to pay off debts accrued by her committee and she received the loan as an agent of the Chenoweth Committee pursuant to 11 C.F.R. § 101.2(a). Apparently, in 1995, after a great deal of publicity she and West One Bank decided to restructure the loan so that it would be secured by her personal residence. This restructuring however does not change this loan into a personal loan. The bank's unwillingness to sign a schedule C-1 certifying that the 1995 loan was made in the ordinary course of business substantiates concerns that the loan was not made in the ordinary course of business.[9]

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[9] There also may have been additional elements of the 1994 loan which indicate that it was not made in the ordinary course of business. Ms. Chenoweth applied for her loan on November 22, 1994, actually signed her application and financial statement on November 23, 1994, and received her loan payment on November 23, 1994. This seems remarkably swift, particularly when the loan memorandum recommending approval of the loan was dated December 2, 1994, even though the bank's response states that this is an internal document frequently prepared after the loan has been issued. West One Bank, Response at 2. In the same conversation this Office had with the West One Bank loan

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For these reasons, it appears that there is reason to believe that neither West One Bank's 1994 loan nor the 1995 loan was made in the ordinary course of business.[10] Accordingly, this Office recommends that the Commission find reason to believe that West One Bank violated 2 U.S.C. § 441b for making contributions in connection with an election to federal office. This Office also recommends that the Commission find reason to believe that the Chenoweth for Congress Committee and Wayne Crow, as treasurer, violated 2 U.S.C. § 441b for accepting these contributions. Because it is clear that the candidate personally applied for and received the loans, and presumably negotiated their favorable terms, this Office recommends that the Commission find reason to believe that Helen Chenoweth violated 2 U.S.C. § 441b for accepting these contributions in her personal capacity as a candidate.

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officer on February 7, 1996, the loan officer stated that unsecured loans must be paid off in installments and that the bank does not customarily allow the loan recipient to make a single balloon payment. In this case, interest was paid in quarterly payments and the face value of the loan was paid off at the end of the loan cycle.

[10] Counsel for the Chenoweth Respondents states that he "inquired of a non-lawyer on the FEC staff and posed the question regarding the same scenario involving the loan in question, and the response received was that a loan involving only a promissory note was completely legal as long as it was in the normal course of business of the bank and bore the customary interest rate." Chenoweth Response at 2. This Office contacted the FEC's Public Information Division and spoke with two public affairs specialists. Both said they would have been quite cautious with the information they divulged about loans and would have suggested that the caller make an advisory opinion request. The public affairs specialists said if the issue of collateral specifically came up they would have referred the caller to the two specific methods of satisfying the requirement at 11 C.F.R. § 100.7(b)(11)(i) and that the Commission would examine the assurance of repayment issue on a case-by-case basis if the means of assuring repayment did not comply with the requirement. The specialists insisted that they would never have said that the proposed loan obtained solely by a promissory note without collateral was completely legal. This Office also spoke to the Reports Analysis Division analyst who handles the Chenoweth Committee. She concurred with the information provided by the public affairs specialists.

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**2. Reporting Issues**

It appears that there were numerous requirements involving the reporting of both the 1994 and 1995 West One Bank loans with which the Chenoweth Committee failed to comply. The main violation appears to be that for almost 11 months on three separate reports -- the 30 Day Post-General Election Report, the 1994 Year End Report, and the 1995 Mid-Year Report -- the Committee failed to report the 1994 loan as a loan from West One Bank; instead, it stated that Helen Chenoweth was the source of the $40,000 loan. The loan was made on November 23, 1994, and the campaign did not list the bank as the maker of the loan on its Schedule C form until October 20, 1995, almost eleven months after the loan was obtained; this delinquent reporting occurred only after the transaction had received substantial media attention. This is contrary to the Commission's regulations which clearly state that any candidate who obtains any loan in connection with his or her campaign is considered to have obtained such a loan as an agent of his or her authorized committee. 11 C.F.R. § 101.2(a).

Although on February 2, 1995 the campaign did submit a Schedule C-1 form concerning this loan and attached the 1994 promissory note indicating that West One Bank was the lender, even this form was not submitted until almost two months after it was due. Further, a crucial portion of the C-1 stating -- "if neither of the types of collateral described above was pledged for this loan, or if the amount pledged does not equal or exceed the loan amount, state the basis upon which this loan was made and the basis on which it assures repayment" -- was not filled out. Finally, since a committee need only file a C-1 one time and since the Schedule C's on the next two reports

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continued to identify Ms. Chenoweth as the source of the loan, rather than the bank, the public record contained misleading and inaccurate information even after the C-1 was filed.

The Committee appears to have correctly reported the 1995 Chenoweth loan, but it has failed to submit the Schedule C-1 form with its required documentation and certification for that loan. Indeed, prior to a March 1996 request for additional information on this point from the Reports Analysis Division, the Chenoweth Committee apparently had never attempted to comply with the provisions of 11 C.F.R. § 104.2(d)(1) and submit a completed Schedule C-1. Even if counsel's statement is correct that the West One Bank now contends Ms. Chenoweth's 1995 loan is personal and not campaign related, the Committee still remains in violation of the reporting provision.[11]

The Chenoweth Respondents claim that these reporting violations were all "harmless" mistakes.[12] Although the misstatement of the interest rate and correct loan

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[11] Counsel for the Chenoweth Committee now states that because he cannot obtain a signed C-1 from West One Bank, he is "directing the campaign to amend prior reports with regard to this loan, and show it as a personal loan from the bank to Helen Chenoweth, and that this has in turn been loaned to the campaign." Chenoweth Committee Response to Request for Additional Information (April 23, 1996). In a letter dated May 9, 1996, this Office informed the Committee that its "failure to timely submit a schedule C-1 is implicated in MUR 4283, and the Commission will address this issue within the context of the MUR. Please do not amend the Committee's reports to describe the 1995 loan as a personal loan from Congresswoman Chenoweth to the Chenoweth Committee until and unless you hear from the Commission." Office of General Counsel Response to Chenoweth Committee's April 23, 1996 Letter (May 9, 1996).

[12] The Chenoweth Committee apparently has misreported a number of other items in its past reports. The Committee consistently reported the 1994 loan rate as 10.25% when the interest rate, at least initially, was 10.00%. The loan amount actually became $40,400 because of the addition of $400 in extra loan fees which were rolled over into the loan principal, but the campaign reported it as a $40,000 loan. In its 1994 Year End Report, the Chenoweth Committee first reported a debt owed to Consulting Associates of $8,349.11 which was described as "consulting primary;" the Committee made a $2,500

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amount is minor, the misreporting of the source of the loan and the absence of collateral is clearly not harmless. Accordingly, this Office recommends that the Commission find reason to believe that the Chenoweth for Congress Committee and Wayne Crow, as treasurer, violated 2 U.S.C. § 434(b) and 11 C.F.R. § 104.3.

**3. Consulting Associates Loans**

According to the Chenoweth Committee's 1993 Mid-Year Report, the Committee accepted two loans from Consulting Associates, Inc.[13] -- $1,250 on May 25, 1993 and $500 on June 11, 1993. Attachment 3 at 2. The Committee repaid the loans on June 30, 1993. Id. at 3. The Reports Analysis Division wrote to the Committee and explained that corporate contributions are prohibited under FECA and requested clarification. Id. at 4. The treasurer responded: "Yes, we had a loan from a corporation which opened the bank account for the election committee. As soon as the committee got the campaign guide and read it, we realized the monies were prohibited and it was then immediately paid back. I hoped the report openly reflected this information and I regret the error." Id. at 5. The making of a loan by a corporation, which is not in the business of making loans, or the acceptance of such a loan is prohibited under the Act. Accordingly, this Office recommends that the Commission find reason to believe that Consulting Associates Inc. violated 2 U.S.C. § 441b for making $1,750 in contributions to

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payment on this debt during this reporting period. The Committee apparently failed to timely report this debt since the primary had occurred in May of 1994. Finally, in Schedule D of the 1995 Mid Year and 1995 Year End Reports, the beginning and ending debt balances for the Consulting Associates entries did not match from one report to another. After subsequent amendments in April 1996, these entries still appear to be incorrect.

[13] Although we have no information suggesting that Consulting Associates, Inc. is a Sub-chapter S corporation, we plan to find out in discovery.

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Chenoweth for Congress Committee. There is also reason to believe that the Chenoweth for Congress Committee violated 2 U.S.C. § 441b by accepting $1,750 in contributions from Consulting Associates.

**4. Consulting Associates Expenditures**

The Chenoweth Committee may have received other corporate contributions from Consulting Associates stemming from the fact that the campaign used Consulting Associates' facilities. Information received to date indicates that the Committee may not always have paid the proper amount and may not always have paid Consulting Associates within a commercially reasonable time period. The Chenoweth Committee may also have misreported the purposes of some of its transactions with Consulting Associates.

During the course of the 1994 primary and general election campaigns, the Chenoweth Committee made numerous disbursements to Consulting Associates, a firm partially owned by Helen Chenoweth.[14] The Committee reported miscellaneous expenditures which it identified as follows:

| PURPOSE | DATE | AMOUNT |
|---|---|---|
| Office/Equipment Rental | 8/12/94 | $2,255.00 |
| Phone Expense | 9/20/94 | $646.37 |
| Rental | 12/1/94 | $3,157.97 |
| Rental | 12/22/94 | $3,579.52 |
| Travel | 12/29/94 | $2,500.00 |
| **Total:** | | **$12,138.86** |

In addition, the campaign made more than $23,000 in disbursements to Consulting Associates for which the stated purpose was "consulting fees":

[14] Ms. Chenoweth owned 49.5% of Consulting Associates and was its secretary-treasurer. Vernon Ravenscroft also owned 49.5% of Consulting Associates and was its president. Bob Robson owned the final 1% of capital stock.

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|---|---|
| 9/19/94 | $5,000.00 |
| 10/28/94 | $1,549.50 |
| 11/1/94 | $1,108.48 |
| 11/2/94 | $675.00 |
| 11/4/94 | $1,500.00 |
| 11/16/94 | $1,000.00 |
| 11/23/94 | $3,336.59 |
| 3/13/95 | $2,028.00 |
| 7/18/95 | $1,277.00 |
| 11/30/95 | $500.00 |
| 12/29/95 | $5,349.11 |
| 12/29/95 | $541.81 |
| **Total:** | **$23,865.49** |

Counsel for the Chenoweth Respondents provided copies of monthly bills from Consulting Associates to the Chenoweth Committee which reflected some but not all of the reported disbursements. Those records are summarized as follows:

| Bill Month | Rent | Receptionist | Supplies | Computers | V. Ravenscroft | Month Total |
|---|---|---|---|---|---|---|
| **September 1994** | $506.25 | $782 | $187.50 | $2,400 | -- | $3,875.75 |
| **October 1994** | $506.25 | $782 | $187.50 | -- | -- | $1,475.75 |
| **November 1994** | $600 | $949.55 | $200 | $200 | $1,208.42 | $3,157.97 |
| **December 1994** | $600 | $1,042.02 | $200 | $200 | $1,537.50 | $3,579.52 |
| **January 1995** | $506.25 | $332 | $6.75 | $100 | $332 | $1,277 |
| **TOTAL** | **$2,718.75** | **$3,887.57** | **$781.75** | **$2,900** | **$3,077.92** | |

**Total, 9/94 - 1/95 = $13,365.99**

See Attachment 4.

Although it is possible to reconcile the amounts of some of the bills with the amounts of some of the reported disbursements, it is more difficult to match the basis listed in the bills for the fees charged with the reported purposes of disbursements. For example, monthly billing records supplied by counsel for the Chenoweth Respondents sometimes include charges for use of Consulting Associates facilities (rent, equipment, and supplies) together with a charge for partial use of a receptionist and the services of Vernon Ravenscroft, the president of Consulting Associates. This can be seen, for example, in the November 1994 and December 1994 bills.

While the Committee reported two disbursements in December 1994 that matched exactly the amounts of the November and December bills provided by the Chenoweth Respondents, the only purpose the Committee reported for these disbursements was "rental," even though the bills that appear to match include charges for supplies, the computers, and the time of Vernon Ravenscroft and a receptionist. Since disbursements to pay bills which included charges for Mr. Ravenscroft's time were sometimes reported as being for rental, this also raises questions about what may have been the actual purpose of the disbursements reported by the committee only as "consulting fees." In fact, the Chenoweth Respondents add to this confusion by contending that the $2,500 "travel reimbursement" to Consulting Associates as reflected in the 1994 Year End Report was actually "a payment on account at Consulting Associates, Inc. for services and expenses relating to consultation. . . ." Chenoweth Response at 1 (February 12, 1996). The apparent erroneous statements of purpose for these disbursements made by the

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Committee to Consulting Associates at least appear to be violations of 2 U.S.C. § 434(b)(4).

Since respondents have not provided us with all the bills, it is also unclear the extent to which Consulting Associates was reimbursed at the proper rate and within the proper time period. Indeed, given the questions about the accuracy of the reported purposes of the Chenoweth Committee's disbursements, it is not even clear whether these transactions are reflective of the Committee's use of corporate facilities pursuant to section 114.9(d) of the regulations, reflective of a consulting relationship pursuant to section 116.3, or both.[15] The information provided by the Chenoweth Respondents and the Chenoweth Committee's reports raises these questions and warrants further investigation on whether the Committee used Consulting Associates' facilities or purchased consulting services.

Even the limited evidence received to date appears to indicate instances in which, under any measure, the Committee did not reimburse Consulting Associates on a timely basis. For instance, the September 1994 bill contains a charge of $2,400 for "Rent two computers for one year. Nov. 1993 thru Oct. 1994." Attachment 4 at 1. Similarly, the January 1995 bill for $1,277 was not paid until July 18, 1995 (the disbursement is listed as a consulting fee). Moreover, debts owed to Consulting Associates reflected in the

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[15] In addition, in instances when Ms. Chenoweth as a stockholder in Consulting Associates personally made more than occasional, isolated, or incidental use of Consulting Associates' facilities, she was required to personally reimburse Consulting Associates within a commercially reasonable time for the normal and usual rental charge. 11 C.F.R. § 114.9(a)(2).

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1994 Year End report were not paid off until December 29, 1995 -- at least one year after they were accrued.

Two other charges for which the Committee was billed or disbursed funds -- receptionist services and travel -- also appear to evidence violations of 2 U.S.C. § 441b unless Consulting Associates regularly extended credit for those services. The monthly reports provided by counsel show $3,887.57 in bills for a receptionist between September, 1994 and January, 1995. A statement from the reception included by counsel, dated October 12, 1994, notes: "I have examined my work schedule and for the month of September find that I spent approximately 80% of my total work hours on campaign related efforts. For our records we certainly can justify at least a 75% charge to the campaign: 132 hours @ $5.50 an hour for a total of $726.00." Attachment 4 at 6. 11 C.F.R. § 114.9 "applies only to the use of corporate facilities and does not include the use of the paid services of corporate employees. Therefore, this section cannot be read as supporting or authorizing . . . reimbursement . . . regarding the compensation paid to . . . employees for the political services rendered to Federal candidates." Advisory Opinion 1984-24.[16] The Committee also disbursed $2,500 to Consulting Associates for "travel." In the absence of evidence that Consulting Associates extended credit for, or even provided, receptionist services or travel services to its customers in the ordinary course of its business, the provisions of 11 C.F.R. § 116.3 would not apply. As there is no evidence of advance payment by the campaign, Consulting Associates' payments of the

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[16] Under new regulations to appear at 11 C.F.R. § 114.2(f), a corporation which is not in the business of providing secretarial services may provide such services to a campaign to assist in fund-raising without violating 2 U.S.C. § 441b, if the campaign pays in advance for the fair market value of the services.

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receptionist's salary and travel expenses appear to have constituted advances and thus may have been corporate contributions totaling $6,387.57, in violation of 2 U.S.C. § 441b.

This conflicting information relating to the Chenoweth Committee's use of Consulting Associate's facilities and consulting services provides additional bases for reason to believe findings of 434 and 441b against the Committee and 441b against Consulting Associates. The evidence appears to show that the Chenoweth Committee may not always have paid the proper amount and may not always have paid Consulting Associates within a commercially reasonable time period. Furthermore, the Chenoweth Committee may have misreported the purposes of some of its transactions with Consulting Associates.

The amended complaint also raises questions concerning possible violations of 2 U.S.C. § 439a. In support of this allegation, Complainant notes the significant amounts of payments made by the Chenoweth Committee to Consulting Associates, and that Ms. Chenoweth relied on her Consulting Associates' salary as her sole source of income during the campaign. Complainant also notes that Ms. Chenoweth faced hotly contested primary and general elections in May and November 1994, both requiring virtually full-time commitments from the candidate; however, Ms. Chenoweth salary from Consulting Associates increased in 1994 as opposed to 1993.

A candidate and his or her campaign committee may exercise wide discretion in making expenditures, 2 U.S.C. § 441 (9), but that discretion is not unfettered. The candidate may not convert excess campaign funds to personal use. The Commission has

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interpreted Section 439a so as to prohibit the use of campaign funds "to confer a direct or indirect financial benefit on such individual except in those situations where the financial benefit is in consideration of valuable services performed for the campaign." AO 1987-1 and AO 1986-39.

The Chenoweth Respondents deny violating 2 U.S.C. § 439a and contend that Consulting Associates had more than enough income to pay Ms. Chenoweth's salary from other sources in both 1993 and 1994. Counsel includes monthly receipts for 1993 and 1994 to show that the corporation had income exceeding in 1993 and in 1994, not including payments made by the Chenoweth Committee. Counsel also states that Ms. Chenoweth worked full time for Consulting Associates until August 1994, when she began campaigning, and part time in September 1994.

Despite denials by the Chenoweth Respondents, numerous issues need to be further examined. Prior to and during the 1994 campaign, Ms. Chenoweth was a corporate officer, 49.5% stockholder, and employee of Consulting Associates. The list of Consulting Associates 1993 income provided by counsel shows in part that less than 5% of the corporation's income was generated from political clients, and it is unclear whether any of these payments were actually for consulting in relationship to a campaign for public office. According to various newspaper articles and Dunn and Bradstreet, Consulting Associates were specialists in energy and timber issues, and this is clear from the 1993 and 1994 roster of income. It appears that Consulting Associates previously had done little or any consulting on behalf of political candidates, but the company received more than $35,000 from the Chenoweth Campaign. While nothing prohibits a

corporation from starting a new business specialty, and there is no FECA prohibition on a campaign's use of a new political consultant firm, these transactions raise questions that the Chenoweth Committee may have made disbursements for services it never received.

This Office also notes that Ms. Chenoweth indicated that she sometimes personally guaranteed financial commitments made by Consulting Associates. This Office does not know whether Ms. Chenoweth had any existing personal guarantees at the time she became a candidate that may have placed her at some financial risk if Consulting Associates were not able to repay those loans. In addition, this Office does not know what, if any, payments Ms. Chenoweth received at the time Consulting Associates ceased doing business. These circumstances raise numerous questions which this Office believes should be addressed in discovery. Accordingly, this Office recommends that, with respect to the transactions involving Consulting Associates,[17] the Commission make an alternative finding that there is reason to believe that Helen Chenoweth, and Chenoweth for Congress Committee and Wayne Crow, as treasurer violated 2 U.S.C. § 439a.

**5. Knowing and Willful Violations**

Complainant alleged that the various violations discussed in complaint may meet the knowing and willful standard contained within FECA.[18] There is insufficient

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[17] Cf. AO 95-8 and Commissioner Potter's concurring opinion which notes the correlation between contribution limitations and personal use limitations in property owned by the candidate. "The standard established by this Opinion requires the candidate to receive exactly market value for the rental premises: no more, and no less. A rental payment over market value would result in an illegal conversion of campaign funds to personal use, while a rental payment below market rate would result in a reportable (and limited by law) in-kind contribution to the campaign from the candidate and his spouse."

[18] The Act addresses violations of law that are knowing and willful. See

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evidence at this time to warrant knowing and willful findings against Helen Chenoweth, the Chenoweth Committee, Consulting Associates, and West One Bank.

## III. DISCOVERY

It appears that further investigation is warranted in this matter to fully assess the facts and circumstances surrounding what appear to be corporate contributions made by West One Bank and Consulting Associates, Inc. to Helen Chenoweth and the Chenoweth Committee. To expedite this investigation, this Office recommends that the Commission approve the attached Subpoenas for the Production of Documents and Answers to Interrogatories.

Because the Commission is required to comply with the Right to Financial Privacy Act, 12 U.S.C. § 3401-3422, this Office recommends the issuance of two separate subpoenas to West One Bank. Under the Right to Financial Privacy Act, the Commission must notify Ms. Chenoweth that it has issued a subpoena to West One Bank seeking information relating to Ms. Chenoweth's financial records; these are the questions appearing in Attachment 6 at pages 17-22. Ms. Chenoweth would then be entitled to file suit to prevent the Commission's access to those records. Ms. Chenoweth

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2 U.S.C. §§ 437g(a)(5)(C) and 437g(d). The phrase "knowing and willful" indicates that "actions [were] taken with full knowledge of all the facts and a recognition that the action is prohibited by law." 122 Cong. Rec. H3778 (daily ed. May 3, 1976).

The knowing and willful standard requires knowledge that one is violating the law. FEC v. John A. Dramesi for Congress Committee, 640 F. Supp. 985 (D.N.J. 1986). A knowing and willful violation may be established "by proof that the defendant acted deliberately and with knowledge that the representation was false." United States v. Hopkins, 916 F.2d 207, 214 (5th Cir. 1990). An inference of a knowing and willful violation may be drawn "from the defendants' elaborate scheme for disguising" their actions and that they "deliberately conveyed information they knew to be false to the Federal Election Commission." Id. at 214-15.

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is not entitled to this process regarding the questions in Attachment 6 at pages 23-28. Those questions seek information relating to general banking practice or to the Chenoweth Committee, information which is not covered by the Right to Financial Privacy Act.

In addition, questions concerning Consulting Associates may appear particularly repetitive. This Office directed those questions to multiple persons because the corporation may be defunct, and it is unclear who can speak for it.

## IV. RECOMMENDATIONS

1. Open a MUR in Pre-MUR 323.

2. Find reason to believe that Helen Chenoweth; Chenoweth for Congress Committee and Wayne Crow, as treasurer; Consulting Associates, Inc.; and West One Bank violated 2 U.S.C. § 441b.

3. Find reason to believe that Chenoweth for Congress Committee and Wayne Crow, as treasurer, violated 2 U.S.C. § 434(b) and 11 C.F.R. § 104.3.

4. Find reason to believe that Helen Chenoweth; and Chenoweth for Congress Committee and Wayne Crow, as treasurer, violated 2 U.S.C. § 439a.

5. Approve the appropriate letters, attached Factual and Legal Analyses, and attached Subpoenas for the Production of Documents and Answers to Interrogatories.

6-10-96
Date

L M Noble (LG)
Lawrence M. Noble
General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

**MEMORANDUM**

**TO:** LAWRENCE M. NOBLE
GENERAL COUNSEL

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

**DATE:** JUNE 17, 1996

**SUBJECT:** MUR 4283/PRE-MUR 323 - FIRST GENERAL COUNSEL'S REPORT DATED JUNE 10, 1996.

The above-captioned document was circulated to the Commission on: Tuesday, June 11, 1996 at 4:00

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

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

This matter will be placed on the meeting agenda for: Tuesday, June 25, 1996.

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

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BEFORE THE FEDERAL ELECTION COMMISSION

| | | |
|---|---|---|
| In the Matter of | ) | |
| | ) | |
| Helen Chenoweth; | ) | MUR 4283/Pre-MUR |
| Chenoweth for Congress Committee | ) | 323 MUR 4402 |
| and Wayne Crow, as treasurer; | ) | |
| West One Bank; | ) | |
| Consulting Associates, Inc. | ) | |

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on June 25, 1996, do hereby certify that the Commission decided by a vote of 4-0 to take the following actions in MUR 4283/Pre-MUR 323:

1. Open a MUR in Pre-MUR 323. MUR 4402

2. Find reason to believe that Helen Chenoweth; Chenoweth for Congress Committee and Wayne Crow, as treasurer; Consulting Associates, Inc.; and West One Bank violated 2 U.S.C. § 441b.

3. Find reason to believe that Chenoweth for Congress Committee and Wayne Crow, as treasurer, violated 2 U.S.C. § 434(b) and 11 C.F.R. § 104.3.

(continued)

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4. Take no action at this time with respect to recommendation number 4 in the General Counsel's June 10, 1996 report.

5. Approve the appropriate letters, the appropriate Factual and Legal Analyses, and Subpoenas for the Production of Documents and Answers to Interrogatories, as recommended in the General Counsel's Report dated June 10, 1996, subject to amendment as needed pursuant to the actions noted above and subject to amendment of the subpoena to West One Bank as agreed during the meeting discussion.

Commissioners Aikens, Elliott, McGarry, and Thomas voted affirmatively for the decision; Commissioner McDonald was not present.

Attest:

6-26-96
Date

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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 28, 1996

**CERTIFIED MAIL**
**RETURN RECEIPT REQUESTED**

John C. Keenan, Esq.
Goicoechea Law Offices
P.O. Box 340
Nampa, Idaho 83653

RE: MUR 4283 and MUR 4402
The Honorable Helen P. Chenoweth

Dear Mr. Keenan:

Records or information concerning the transactions of your client, Helen P. Chenoweth, held by the financial institution named in the attached subpoena and order are being sought by this agency in accordance with the Right to Financial Privacy Act of 1978 for the following purpose: to investigate possible violations of the Federal Election Campaign Act of 1971, as amended, by Ms. Chenoweth in connection with loans made by West One Bank to her.

If your client desires that such records or information not be made available, you or she must:

1. Fill out the accompanying motion paper and sworn statement or write one of your own, stating that your client is the customer whose records are being requested by the Commission and either giving the reasons you or your client believe that the records are not relevant to the legitimate law enforcement inquiry stated in this notice or any other legal basis for objecting to the release of the records.

2. File the motion and statement by mailing or delivering them to the clerk of any one of the following United States District Courts: United States District Court for the District of Idaho or the United States District Court for the District of Columbia.

3. Serve the Commission by mailing or delivering a copy of your motion and statement to: Federal Election Commission, Office of the General Counsel, 999 E Street, N.W., Washington, D.C. 20463.

4. Be prepared to come to court and present your position in further detail. If you or your client do not follow the above procedures, upon the expiration of ten days from the date of service or 14 days from the date of mailing of this notice, the records or information requested therein will be made available. These records may be transferred to other client will be notified after the transfer.

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

Sincerely,

Stephan O. Kline
Attorney

Enclosures
Subpoena and Order to West One Bank
Motion to Quash Subpoena and Order
Affidavit

**UNITED STATES DISTRICT COURT**
**FOR THE DISTRICT OF COLUMBIA**
**OR FOR THE DISTRICT OF IDAHO**

| | | |
|---|---|---|
| Helen P. Chenoweth, | ) | |
| Petitioner | ) | |
| | ) | AFFIDAVIT |
| v. | ) | |
| | ) | |
| FEDERAL ELECTION COMMISSION, | ) | |
| Respondent | ) | |

**AFFIDAVIT**

| | | |
|---|---|---|
| County | ) | |
| Idaho | ) | |

Helen Chenoweth, being duly sworn, makes the following her affidavit and states:

1. I hereby affirm that all of the statements in the Motion to Quash Commission Subpoena/Order are true and accurate to the best of my knowledge and belief.

2. Further the affiant sayeth not.

_____
Helen P. Chenoweth

Subscribed and sworn to before me this _____ day of _____, 1996.

_____
Notary Public

My Commission expires _____

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 28, 1996

Consulting Associates Incorporated
1843 Broadway, # 102
Boise, ID 83706

RE: MUR 4283
Consulting Associates, Inc.

Dear Sir/Madam:

On January 23, 1996, the Federal Election Commission notified you of an amended complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the amended complaint was forwarded to you at that time.

Upon further review of the allegations contained in the complaint, and information supplied by you, the Commission, on June 25, 1996, found that there is reason to believe Consulting Associates, Inc. violated 2 U.S.C. § 441b, a provision of the Act. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office along with answers to the enclosed questions 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 a violation has 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 the respondent.

Celebrating the Commission's 20th Anniversary

YESTERDAY, TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

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 Stephan Kline, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

Enclosures
Questions
Factual and Legal Analysis

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**BEFORE THE FEDERAL ELECTION COMMISSION**

| | | |
|---|---|---|
| **In the Matter of** | ) | **MUR 4283** |
| | ) | |
| | ) | |

**SUBPOENA TO PRODUCE DOCUMENTS**
**ORDER TO SUBMIT WRITTEN ANSWERS**

TO: Consulting Associates, Inc.
1843 Broadway Avenue
Boise, Idaho 83706

Pursuant to 2 U.S.C. § 437d(a)(1) and (3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order and subpoenas you to produce the documents requested on the attachment to this Subpoena. Legible copies which, where applicable, show both sides of the documents may be substituted for originals.

Such answers must be submitted under oath and must be forwarded to the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, along with the requested documents within 30 days of receipt of this Order and Subpoena.

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WHEREFORE, the Chairman of the Federal Election Commission has hereunto set her hand in Washington, D.C. on this 27th day of June, 1996.

For the Commission,

Lee Ann Elliott

Lee Ann Elliott
Chairman

ATTEST:

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

Attachments
Questions and Document Requests

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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, 1993 to the present.

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.

## 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 document shall mean state the nature or type of document (e.g., letter, memorandum), the date, if any, appearing thereon, the date on which the document was prepared, the title of the document, the general subject matter of the document, the location of the document, the number of pages comprising the document.

"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.

## BEFORE THE FEDERAL ELECTION COMMISSION

## INTERROGATORIES AND REQUESTS FOR DOCUMENTS

MUR 4283
Consulting Associates, Inc.

1. With regard to the relationship between Consulting Associates and Helen Chenoweth, please provide the following information:

a. For each year from 1990 through 1993, please state Ms. Chenoweth's salary and please describe any non-salary payments she received from Consulting Associates.

b. List each period from 1990 through 1993 when Ms. Chenoweth did not work full time on behalf of Consulting Associates and state why she did not work full time.

c. For each month from January 1, 1994 to the present, please state the salary Ms. Chenoweth received from Consulting Associates and please describe any non-salary payments she received from Consulting Associates. Estimate the number of hours she worked on behalf of Consulting Associates in each such month.

d. Please describe any formal or informal arrangement between Ms. Chenoweth and Consulting Associates, or between Ms. Chenoweth and Vernon Ravenscroft, which states how Ms. Chenoweth's Consulting Associates salary or other non-salary payments were derived. State whether Ms. Chenoweth's salary was based on the number of hours she worked for Consulting Associates, based on a percentage of Consulting Associates' profits, or based on some other formula. If Ms. Chenoweth's salary was based on some other formula, please describe that formula. Please provide a copy of any formal agreement, or any other document that relates to the amount of salary or other payments Ms. Chenoweth received from Consulting Associates.

e. According to financial disclosure forms filed in Ms. Chenoweth's name with the U.S. House of Representatives, Ms. Chenoweth received payments from Consulting Associates totaling $25,350 in 1992 and 1993, and $23,450 for the period January 1, 1994 through May 15 of 1994. Please explain why Ms. Chenoweth received almost the same amount of income from Consulting Associates during the first quarter of 1994 that she received for all of 1992 and 1993.

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2. Explain how the relationship developed between the Chenoweth Committee and Consulting Associates; and

a. Provide any written agreement describing which services Consulting Associates would provide to the Chenoweth Committee;

b. Describe in detail any oral agreement or understanding concerning the provision of services by Consulting Associates to the Chenoweth Committee; and

c. State when the relationship commenced and concluded.

3. State whether the services provided to the Chenoweth Committee by Vernon Ravenscroft, Diana Chenoweth, and any other Consulting Associates' employee, other than Ms. Chenoweth, were provided pursuant to an agreement and provide a copy of any such agreement.

4. Please state whether Consulting Associates permitted the Chenoweth Committee, to use the facilities of Consulting Associates. If so, please provide the following information for each such facility used:

a. the facility used by the Chenoweth Committee;

b. whether the use of the facility was separate from consulting services provided by Consulting Associates;

c. the date the facility was used by the Chenoweth Committee;

d. the date the Chenoweth Committee was billed for the use of the facility;

e. the amount that the Chenoweth Committee was billed for the facility;

f. how the billing amount was calculated;

g. Provide copies of any documentation relating to the billing or relating to the use of facilities;

h. whether the amount charged by Consulting Associates for the use of the facility corresponded to the usual amount charged for that item in the commercial market. If so, please provide documentation showing the amount charged was the usual market charge;

i. when was the bill paid for the use of Consulting Associates' facilities; and

j. who paid for the use of the facilities.

5. Please describe in detail all goods and services, including consulting services, provided by Consulting Associates as a vendor to the Chenoweth Committee, and for each such good or service, please state:

a. The date on which it was provided and the date on which it was billed;

b. The amount that the Chenoweth Committee was billed for it;

c. The date on which the Chenoweth Committee paid Consulting Associates;

d. Provide copies of any documents relating to the billing.

e. For each service provided to the Chenoweth Committee, please list all Consulting Associates' personnel who provided the service.

6. State whether Consulting Associates extended credit to clients other than the Chenoweth Committee. If so, please provide the following information:

a. What was Consulting Associates' normal practice on providing extensions of credit to clients;

b. What was Consulting Associates' standard billing cycle for services provided to clients; and

c. List all instances between 1993 and 1995 when Consulting Associates extended credit to non-Chenoweth Committee clients for travel expenses.

7. State whether any of Consulting Associates' clients, other than the Chenoweth Committee, have used the facilities of Consulting Associates. If so, please state:

a. All clients who used the facilities of Consulting Associates;

b. All clients who were candidates for public office who used the facilities of Consulting Associates.

c. Which facilities were used by each client; and

d. How much each client was charged for each facility used.

8. State whether Consulting Associates provided services to other, non-Chenoweth Committee clients, pursuant to consulting agreement and provide copies of all such agreements entered into between 1993 and 1995.

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9. Please provide the following information about Consulting Associates:

a. For the period from 1990 to the present, please state all owners and officers of Consulting Associates. Please describe any changes that took place in the ownership or control of Consulting Associates during that period;

b. Please state whether at any time between January 1, 1993 and the present Consulting Associates received the sub-chapter S tax status under the Internal Revenue Code. If so, please provide documentation from the Internal Revenue Service evidencing this sub-chapter S status;

c. Please provide copies of Consulting Associates' federal tax return statements for the years 1990 to the present;

d. Please identify the owner of the building at 1843 Broadway, Boise, Idaho occupied by Consulting Associates from 1993 to 1995 and state the amount of rent paid by Consulting Associates;

e. Please list all persons employed by Consulting Associates from 1993 to 1995, other than Ms. Chenoweth, and state the salary or wage paid to each individual;

f. Please list and describe all loans (including a line of credit) received from any lending institution since 1989, which were obtained or guaranteed by Ms. Chenoweth in her professional capacity as an officer of Consulting Associates, Inc. Please provide copies of all promissory notes and all other documents memorializing the loans or used to obtain them. For each such loan, describe the collateral which was used to secure it.

g. Please state whether Ms. Chenoweth was personally liable for Consulting Associates rent or any other obligations between 1994 and 1995;

h. Please state whether Consulting Associates retains its corporate status under Idaho law. If not, please provide the following information:

i. When and why Consulting Associates ceased operations;

ii. How its assets were divided up among its shareholders; and

iii. List any payments you received in connection with this shut down;

iv. List any debts Consulting Associates owed at the time of the shut down and state to whom any such debts are owed;

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v. Who is responsible for any remaining debts of Consulting Associates; and

vi. Who retains the corporate records of Consulting Associates;

i. Who is best able to answer questions about Consulting Associates' bills, billing practices, and/or services provided to clients.

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**FEDERAL ELECTION COMMISSION**

**FACTUAL AND LEGAL ANALYSIS**

**RESPONDENT: Consulting Associates, Inc. MUR 4283**

This matter was generated by a complaint filed with the Federal Election Commission ("Commission") on November 21, 1995. This matter was also generated based on information ascertained by the Commission in the normal course of carrying out its supervisory responsibilities. See 2 U.S.C. § 437g(a)(1). William L. Mauk, Chair of the Idaho Democratic Party ("Complainant") alleged that Helen Chenoweth and her campaign committee, Chenoweth for Congress Committee and Wayne Crow, as treasurer, ("Chenoweth Committee" or "Committee") and West One Bank violated provisions of the Federal Election Campaign Act of 1971, as amended, ("Act" or "FECA"). On January 16, 1996, the Commission received an amended complaint in MUR 4283 addressing additional violations of the Act. Consulting Associates, Inc. was notified of the amendment to the complaint on January 23, 1996 but failed to respond to it.

## II. FACTUAL AND LEGAL ANALYSIS

### A. Law

It is unlawful for any corporation to make a contribution or expenditure in connection with a federal election, or for any candidate or political committee to knowingly accept any prohibited contribution. 2 U.S.C. § 441b(a). A contribution or expenditure includes any direct or indirect payment, distribution, loan, advance, deposit, or gift of money or any services, or anything of value. 2 U.S.C. § 441b(b)(2).

The regulations exclude from the definition of contribution and expenditure "[a]ny activity which is specifically permitted by Part 114." 11 C.F.R. § 114.1(a)(2)(x). Activity which

is permitted by Part 114 and which is particularly relevant in this case is the "[u]se of corporate or labor organization facilities" by certain persons under certain circumstances. Stockholders or employees of a corporation who engage in volunteer activity may make occasional, isolated or incidental use of corporate facilities in connection with a federal election without causing the corporation to make a contribution. 11 C.F.R. § 114.9(a)(1). For those activities fitting within this provision, stockholders or employees must reimburse the corporation to the extent that overhead is increased. If a stockholder or employee makes more than occasional, isolated, or incidental use of corporate facilities for individual volunteer activity, the stockholder or employee must reimburse the corporation within a commercially reasonable time for the normal and usual rental charge of the facilities.

11 C.F.R. § 114.9(c) provides that: "Any person who uses the facilities of a corporation or labor organization to produce materials in connection with a Federal election is required to reimburse the corporation or labor organization within a commercially reasonable time for the normal and usual charge for producing such materials in the commercial market." Similarly, persons, other than corporate employees or stockholders, who use corporate facilities such as telephones or typewriters in connection with federal elections must reimburse the corporation within a reasonable time for the normal and usual rental charge. 11 C.F.R. § 114.9(d). The term "usual and normal charge" for goods means the price of those goods in the market from which

they ordinarily would have been purchased at the time of the contribution or expenditure. 11 C.F.R. § 100.7(a)(1)(iii)(B) and 11 C.F.R. § 100.8(a)(1)(iv)(B).[1]

11 C.F.R. § 116.3(b), which is part of the regulatory scheme addressing debts owed by political committees or candidates, provides that a corporation in its capacity as a commercial vendor may extend credit to a candidate, political committee, or another person on behalf of a candidate or political committee provided that the credit is extended in the ordinary course of the corporation's business. 11 C.F.R. § 116.1(c) defines "commercial vendor" as "any person providing goods and services to a candidate or political committee whose usual and normal business involves the sale, rental, lease or provision of those goods or services."

**B. Complaint**

Complainant William L. Mauk, Chair of the Idaho Democratic Party, filed a complaint with the Commission on November 21, 1995. On January 16, 1996, Complainant amended his complaint alleging that during the 1993-1994 election cycle, Congresswoman Chenoweth and her campaign committee were engaged in a series of transactions with Consulting Associates, Inc. ("Consulting Associates") involving corporate contributions and the conversion of campaign funds to the candidate's personal use. Complainant enclosed FEC reports filed by the Chenoweth for Congress Committee recording a $1,750 loan by Consulting Associates to candidate Chenoweth which was later repaid with campaign funds. Complainant also included a copy of a FEC report containing a $2,500 disbursement to Consulting Associates labeled "travel disbursement." Consulting Associates is an Idaho corporation and Helen Chenoweth is a

[1] Since the time the activities at issue in this MUR took place, the Commission has promulgated new regulations on corporate facilitation. These regulations appear at 11 C.F.R. § 114.2(f).

principal owner, officer, and employee of this corporation. During the 1993-94 campaign, expenditures by the Chenoweth Committee to Consulting Associates totaled over $35,000 and included payments for rental, phone expenses, office/equipment rental and consulting fees. During this period, "the candidate was the secretary and treasurer of the corporation and relied upon its consulting and other services as her principal, if not exclusive, source of income." Supplemental Complaint at 2 (January 16, 1996).

According to Complainant, during vigorous 1994 primary and general election campaigns, "Public appearances and reliable information from close observers are that these campaigns were virtually full-time commitments by the candidate. Despite this, surprisingly, the House Financial Disclosure Statements reflect that Ms. Chenoweth's salary from Consulting Associates increased during her 1994 campaign, as compared to the prior, non-election year." Complainant notes the Committee first declared a $8,349.11 debt to Consulting Associates in its 1994 year-end report but that this debt is labeled "consulting primary." Complainant concludes by stating: "All indications from the available public records are that Ms. Chenoweth was paying herself directly or indirectly for 'consulting' services to her own campaign. By funneling money from her campaign through Consulting Associates, Inc., it appears that Ms. Chenoweth was able to launder political contributions for her personal gain."

C. **Response**

The Commission did not receive a response from Consulting Associates.

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## D. Analysis

### 1. Consulting Associates Loans

According to the Chenoweth Committee's 1993 Mid-Year Report, the Committee accepted two loans from Consulting Associates, Inc. -- $1,250 on May 25, 1993 and $500 on June 11, 1993. The Committee repaid the loans on June 30, 1993. The Reports Analysis Division wrote to the Committee and explained that corporate contributions are prohibited under FECA and requested clarification. The treasurer responded: "Yes, we had a loan from a corporation which opened the bank account for the election committee. As soon as the committee got the campaign guide and read it, we realized the monies were prohibited and it was then immediately paid back. I hoped the report openly reflected this information and I regret the error." The making of a loan by a corporation, which is not in the business of making loans, or the acceptance of such a loan is prohibited under the Act. Accordingly, there is reason to believe that Consulting Associates Inc. violated 2 U.S.C. § 441b for making $1,750 in contributions to Chenoweth for Congress Committee.

### 2. Consulting Associates Expenditures

The Chenoweth Committee may have received other corporate contributions from Consulting Associates stemming from the fact that the campaign used Consulting Associates' facilities. Information received to date indicates that the Committee may not always have paid the proper amount and may not always have paid Consulting Associates within a commercially reasonable time period. The Chenoweth Committee may also have misreported the purposes of some of its transactions with Consulting Associates.

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During the course of the 1994 primary and general election campaigns, the Chenoweth Committee made numerous disbursements to Consulting Associates, a firm partially owned by Helen Chenoweth.[2] The Committee reported miscellaneous expenditures which it identified as follows:

| PURPOSE | DATE | AMOUNT |
|---|---|---|
| Office/Equipment Rental | 8/12/94 | $2,255.00 |
| Phone Expense | 9/20/94 | $646.37 |
| Rental | 12/1/94 | $3,157.97 |
| Rental | 12/22/94 | $3,579.52 |
| Travel | 12/29/94 | $2,500.00 |
| **Total:** | | **$12,138.86** |

In addition, the campaign made more than $23,000 in disbursements to Consulting Associates for which the stated purpose was "consulting fees":

| | |
|---|---|
| 9/19/94 | $5,000.00 |
| 10/28/94 | $1,549.50 |
| 11/1/94 | $1,108.48 |
| 11/2/94 | $675.00 |
| 11/4/94 | $1,500.00 |
| 11/16/94 | $1,000.00 |
| 11/23/94 | $3,336.59 |
| 3/13/95 | $2,028.00 |
| 7/18/95 | $1,277.00 |
| 11/30/95 | $500.00 |
| 12/29/95 | $5,349.11 |
| 12/29/95 | $541.81 |
| **Total:** | **$23,865.49** |

[2] Ms. Chenoweth owned 49.5% of Consulting Associates and was its secretary-treasurer. Vernon Ravenscroft also owned 49.5% of Consulting Associates and was its president. Bob Robson owned the final 1% of capital stock.

Counsel for the Chenoweth Respondents provided copies of monthly bills from Consulting Associates to the Chenoweth Committee which reflected some but not all of the reported disbursements. Those records are summarized as follows:

| | Rent | Receptionist | Supplies | Computers | V. Ravenscroft | Month Total |
|---|---|---|---|---|---|---|
| **September 1994** | $506.25 | $782 | $187.50 | $2,400 | -- | $3,875.75 |
| **October 1994** | $506.25 | $782 | $187.50 | -- | -- | $1,475.75 |
| **November 1994** | $600 | $949.55 | $200 | $200 | $1,208.42 | $3,157.97 |
| **December 1994** | $600 | $1,042.02 | $200 | $200 | $1,537.50 | $3,579.52 |
| **January 1995** | $506.25 | $332 | $6.75 | $100 | $332 | $1,277 |
| **TOTAL** | **$2,718.75** | **$3,887.57** | **$781.75** | **$2,900** | **$3,077.92** | |

**Total, 9/94 - 1/95 = $13,365.99**

Although it is possible to reconcile the amounts of some of the bills with the amounts of some of the reported disbursements, it is more difficult to match the basis listed in the bills for the fees charged with the reported purposes of disbursements. For example, monthly billing records supplied by counsel for the Chenoweth Respondents sometimes include charges for use of Consulting Associates facilities (rent, equipment, and supplies) together with a charge for partial use of a receptionist and the services of Vernon Ravenscroft, the president of Consulting Associates. This can be seen, for example, in the November 1994 and December 1994 bills.

While the Committee reported two disbursements in December 1994 that matched exactly the amounts of the November and December bills provided by the Chenoweth

Respondents, the only purpose the Committee reported for these disbursements was "rental," even though the bills that appear to match include charges for supplies, the computers, and the time of Vernon Ravenscroft and a receptionist. Since disbursements to pay bills which included charges for Mr. Ravenscroft's time were sometimes reported as being for rental, this also raises questions about what may have been the actual purpose of the disbursements reported by the committee only as "consulting fees." In fact, the Chenoweth Respondents add to this confusion by contending that the $2,500 "travel reimbursement" to Consulting Associates as reflected in the 1994 Year End Report was actually "a payment on account at Consulting Associates, Inc. for services and expenses relating to consultation. . . ." The apparent erroneous statements of purpose for these disbursements made by the Committee to Consulting Associates at least appear to be violations of 2 U.S.C. § 434(b)(4).

Since respondents have not provided us with all the bills, it is also unclear the extent to which Consulting Associates was reimbursed at the proper rate and within the proper time period. Indeed, given the questions about the accuracy of the reported purposes of the Chenoweth Committee's disbursements, it is not even clear whether these transactions are reflective of the Committee's use of corporate facilities pursuant to section 114.9(d) of the regulations, reflective of a consulting relationship pursuant to section 116.3, or both.[3] The information provided by the Chenoweth Respondents and the Chenoweth Committee's reports raises these questions and warrants further investigation on whether the Committee used Consulting Associates' facilities or purchased consulting services.

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[3] In addition, in instances when Ms. Chenoweth as a stockholder in Consulting Associates personally made more than occasional, isolated, or incidental use of Consulting Associates' facilities, she was required to personally reimburse Consulting Associates within a commercially reasonable time for the normal and usual rental charge. 11 C.F.R. § 114.9(a)(2).

Even the limited evidence received to date appears to indicate instances in which, under any measure, the Committee did not reimburse Consulting Associates on a timely basis. For instance, the September 1994 bill contains a charge of $2,400 for "Rent two computers for one year. Nov. 1993 thru Oct. 1994." Similarly, the January 1995 bill for $1,277 was not paid until July 18, 1995 (the disbursement is listed as a consulting fee). Moreover, debts owed to Consulting Associates reflected in the 1994 Year End report were not paid off until December 29, 1994 -- at least one year after they were accrued.

Two other charges for which the Committee was billed or disbursed funds -- receptionist services and travel -- also appear to evidence violations of 2 U.S.C. § 441b unless Consulting Associates regularly extended credit for those services. The monthly reports provided by counsel show $3,887.57 in bills for a receptionist between September, 1994 and January, 1995. A statement from the reception included by counsel, dated October 12, 1994, notes: "I have examined my work schedule and for the month of September find that I spent approximately 80% of my total work hours on campaign related efforts. For our records we certainly can justify at least a 75% charge to the campaign: 132 hours @ $5.50 an hour for a total of $726.00." 11 C.F.R. § 114.9 "applies only to the use of corporate facilities and does not include the use of the paid services of corporate employees. Therefore, this section cannot be read as supporting or authorizing . . . reimbursement . . . regarding the compensation paid to . . . employees for the political services rendered to Federal candidates." Advisory Opinion 1984-24.[4] The Committee also disbursed $2,500 to Consulting Associates for "travel." In the absence of evidence that

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[4] Under new regulations to appear at 11 C.F.R. § 114.2(f), a corporation which is not in the business of providing secretarial services may provide such services to a campaign to assist in fund-raising without violating 2 U.S.C. § 441b, if the campaign pays in advance for the fair market value of the services.

Consulting Associates extended credit for, or even provided, receptionist services or travel services to its customers in the ordinary course of its business, the provisions of 11 C.F.R. § 116.3 would not apply. As there is no evidence of advance payment by the campaign, Consulting Associates' payments of the receptionist's salary and travel expenses appear to have constituted advances and thus may have been corporate contributions totaling $6,387.57, in violation of 2 U.S.C. § 441b.

This conflicting information relating to the Chenoweth Committee's use of Consulting Associate's facilities and consulting services provides additional bases for reason to believe findings of 441b against Consulting Associates. The evidence appears to show that the Chenoweth Committee may not always have paid the proper amount and may not always have paid Consulting Associates within a commercially reasonable time period.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 28, 1996

Vernon Ravenscroft
1328 Shoe String Road
Bliss, Idaho 83314

RE: MUR 4283

Dear Mr. Ravenscroft:

The Federal Election Commission has the statutory duty of enforcing the Federal Election Campaign Act of 1971, as amended. The Commission has issued the attached order and subpoena which requires you to provide certain information in connection with an investigation it is conducting. The Commission does not consider you a respondent in this matter, but rather a witness only.

Because this information is being sought as part of an investigation being conducted by the Commission, the confidentiality provision of 2 U.S.C. § 437g(a)(12)(A) applies. That section prohibits making public any investigation conducted by the Commission without the express written consent of the person with respect to whom the investigation is made. You are advised that no such consent has been given in this case.

You may consult with an attorney and have an attorney assist you in the preparation of your responses to this subpoena and order. However, you are required to submit the information within 30 days of your receipt of this subpoena and order. All answers to questions must be submitted under oath.

If you have any questions, please contact me at (800) 424-9530 or (202) 219-3690.

Sincerely,

Stephan O. Kline

Stephan O. Kline
Attorney

Enclosure
Subpoena and Order

Celebrating the Commission's 20th Anniversary
YESTERDAY, TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

9804360910

**BEFORE THE FEDERAL ELECTION COMMISSION**

| | | |
|---|---|---|
| **In the Matter of** | ) | **MUR 4283** |
| | ) | |
| | ) | |

**SUBPOENA TO PRODUCE DOCUMENTS**
**ORDER TO SUBMIT WRITTEN ANSWERS**

TO: Vernon Ravenscroft
1328 Shoe String Road
Bliss, Idaho 83314

Pursuant to 2 U.S.C. § 437d(a)(1) and (3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order and subpoenas you to produce the documents requested on the attachment to this Subpoena. Legible copies which, where applicable, show both sides of the documents may be substituted for originals.

Such answers must be submitted under oath and must be forwarded to the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, along with the requested documents within 30 days of receipt of this Order and Subpoena.

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WHEREFORE, the Chairman of the Federal Election Commission has hereunto set her hand in Washington, D.C. on this 27th day of June, 1996.

For the Commission,

Lee Ann Elliott

Lee Ann Elliott
Chairman

ATTEST:

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

Attachments
Questions and Document Requests

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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, 1993 to the present.

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.

## 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 document shall mean state the nature or type of document (e.g., letter, memorandum), the date, if any, appearing thereon, the date on which the document was prepared, the title of the document, the general subject matter of the document, the location of the document, the number of pages comprising the document.

"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.

## BEFORE THE FEDERAL ELECTION COMMISSION

## INTERROGATORIES AND REQUESTS FOR DOCUMENTS

MUR 4283
Vernon Ravenscroft

1. With regard to the relationship between Consulting Associates and Helen Chenoweth, please provide the following information:

a. For each year from 1990 through 1993, please state Ms. Chenoweth's salary and please describe any non-salary payments she received from Consulting Associates.

b. List each period from 1990 through 1993 when Ms. Chenoweth did not work full time on behalf of Consulting Associates and state why she did not work full time.

c. For each month from January 1, 1994 to the present, please state the salary Ms. Chenoweth received from Consulting Associates and please describe any non-salary payments she received from Consulting Associates. Estimate the number of hours she worked on behalf of Consulting Associates in each such month.

d. Please describe any formal or informal arrangement between Ms. Chenoweth and Consulting Associates, or between Ms. Chenoweth and you which states how Ms. Chenoweth's Consulting Associates salary or other non-salary payments were derived. State whether Ms. Chenoweth's salary was based on the number of hours she worked for Consulting Associates, based on a percentage of Consulting Associates' profits, or based on some other formula. If Ms. Chenoweth's salary was based on some other formula, please describe that formula. Please provide a copy of any formal agreement, or any other document that relates to the amount of salary or other payments Ms. Chenoweth received from Consulting Associates.

e. According to financial disclosure forms filed in Ms. Chenoweth's name with the U.S. House of Representatives, Ms. Chenoweth received payments from Consulting Associates totaling $25,350 in 1992 and 1993, and $23,450 for the period January 1, 1994 through May 15 of 1994. Please explain why Ms. Chenoweth received almost the same amount of income from Consulting Associates during the first quarter of 1994 that she received for all of 1992 and 1993.

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2. Explain how the relationship developed between the Chenoweth Committee and Consulting Associates; and

a. Provide any written agreement describing which services Consulting Associates would provide to the Chenoweth Committee;

b. Describe in detail any oral agreement or understanding concerning the provision of services by Consulting Associates to the Chenoweth Committee; and

c. State when the relationship commenced and concluded.

3. State whether the services provided to the Chenoweth Committee by Vernon Ravenscroft, Diana Chenoweth, and any other Consulting Associates' employee, other than Ms. Chenoweth, were provided pursuant to an agreement and provide a copy of any such agreement.

4. Please state whether Consulting Associates permitted the Chenoweth Committee, to use the facilities of Consulting Associates. If so, please provide the following information for each such facility used:

a. the facility used by the Chenoweth Committee;

b. whether the use of the facility was separate from consulting services provided by Consulting Associates;

c. the date the facility was used by the Chenoweth Committee;

d. the date the Chenoweth Committee was billed for the use of the facility;

e. the amount that the Chenoweth Committee was billed for the facility;

f. how the billing amount was calculated;

g. Provide copies of any documentation relating to the billing or relating to the use of facilities;

h. whether the amount charged by Consulting Associates for the use of the facility corresponded to the usual amount charged for that item in the commercial market. If so, please provide documentation showing the amount charged was the usual market charge;

i. when was the bill paid for the use of Consulting Associates' facilities; and

j. who paid for the use of the facilities.

5. Please describe in detail all goods and services, including consulting services, provided by Consulting Associates as a vendor to the Chenoweth Committee, and for each such good or service, please state:

a. The date on which it was provided and the date on which it was billed;

b. The amount that the Chenoweth Committee was billed for it;

c. The date on which the Chenoweth Committee paid Consulting Associates;

d. Provide copies of any documents relating to the billing.

e. For each service provided to the Chenoweth Committee, please list all Consulting Associates' personnel who provided the service.

6. State whether Consulting Associates extended credit to clients other than the Chenoweth Committee. If so, please provide the following information:

a. What was Consulting Associates' normal practice on providing extensions of credit to clients;

b. What was Consulting Associates' standard billing cycle for services provided to clients; and

c. List all instances between 1993 and 1995 when Consulting Associates extended credit to non-Chenoweth Committee clients for travel expenses.

7. State whether any of Consulting Associates' clients, other than the Chenoweth Committee, have used the facilities of Consulting Associates. If so, please state:

a. All clients who used the facilities of Consulting Associates;

b. All clients who were candidates for public office who used the facilities of Consulting Associates.

c. Which facilities were used by each client; and

d. How much each client was charged for each facility used.

8. State whether Consulting Associates provided services to other, non-Chenoweth Committee clients, pursuant to consulting agreement and provide copies of all such agreements entered into between 1993 and 1995.

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9. Please provide the following information about Consulting Associates:

a. For the period from 1990 to the present, please state all owners and officers of Consulting Associates. Please describe any changes that took place in the ownership or control of Consulting Associates during that period;

b. Please state whether at any time between January 1, 1993 and the present Consulting Associates received the sub-chapter S tax status under the Internal Revenue Code. If so, please provide documentation from the Internal Revenue Service evidencing this sub-chapter S status;

c. Please provide copies of Consulting Associates' federal tax return statements for the years 1990 to the present;

d. Please identify the owner of the building at 1843 Broadway, Boise, Idaho occupied by Consulting Associates from 1993 to 1995 and state the amount of rent paid by Consulting Associates;

e. Please list all persons employed by Consulting Associates from 1993 to 1995, other than Ms. Chenoweth, and state the salary or wage paid to each individual;

f. Please list and describe all loans (including a line of credit) received from any lending institution since 1989, which were obtained or guaranteed by Ms. Chenoweth in her professional capacity as an officer of Consulting Associates, Inc. Please provide copies of all promissory notes and all other documents memorializing the loans or used to obtain them. For each such loan, describe the collateral which was used to secure it.

g. Please state whether Ms. Chenoweth was personally liable for Consulting Associates rent or any other obligations between 1994 and 1995;

h. Please state whether Consulting Associates retains its corporate status under Idaho law. If not, please provide the following information:

i. When and why Consulting Associates ceased operations;

ii. How its assets were divided up among its shareholders; and

iii. List any payments you received in connection with this shut down;

iv. List any debts Consulting Associates owed at the time of the shut down and state to whom any such debts are owed;

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v. Who is responsible for any remaining debts of Consulting Associates; and

vi. Who retains the corporate records of Consulting Associates;

i. Who is best able to answer questions about Consulting Associates' bills, billing practices, and/or services provided to clients.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 28, 1996

**CERTIFIED MAIL**
**RETURN RECEIPT REQUESTED**

Arthur L. Herold
Frank M. Northam
Webster, Chamberlain & Bean
1747 Pennsylvania Avenue, N.W.
Suite 1000
Washington, D.C. 20006

RE: MUR 4283
MUR 4402
West One Bank

Dear Mr. Herold and Mr. Northam:

On November 29, 1995 the Federal Election Commission notified your client, West One Bank, of an amended complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the amended complaint was forwarded to your clients at that time.

Upon further review of the allegations contained in the complaint, and information supplied by you, the Commission, on June 25, 1996, found that there is reason to believe West One Bank violated 2 U.S.C. § 441b, a provision of the Act. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office along with answers to the enclosed questions marked "No RFPA information," at the top of each page, 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 a violation has occurred and proceed with conciliation.

The questions which do not contain the "No RFPA information" marking may be affected by the Right to Financial Privacy Act of 1978. The Right to Financial Privacy Act permits the customer whose records are sought ten days from the date of receipt of the Subpoena and Order to move to quash them. Upon the expiration of this period, the Commission will notify you that it has complied with the Right to Financial Privacy Act. In the absence of judicial intervention, it is then your obligation to comply with the terms of the Subpoena and Order in their entirety within 30 days of receipt of this letter. See 12 U.S.C. §§ 3405 and 3411.

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 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.

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 Stephan Kline, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

Enclosures
Questions (2 sets)
Factual and Legal Analysis

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No RFPA Information
MUR 4243/MUR 4402

**BEFORE THE FEDERAL ELECTION COMMISSION**

| | | |
|---|---|---|
| | ) | |
| **In the Matter of** | ) | **MUR 4283** |
| | ) | **MUR 4402** |

**SUBPOENA TO PRODUCE DOCUMENTS**
**ORDER TO SUBMIT WRITTEN ANSWERS**

TO: West One Bank
c/o Arthur L. Herold
and Frank M. Northam
Webster, Chamberlain & Bean
1747 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

Pursuant to 2 U.S.C. § 437d(a)(1) and (3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order and subpoenas you to produce the documents requested on the attachment to this Subpoena. Legible copies which, where applicable, show both sides of the documents may be substituted for originals.

Such answers must be submitted under oath and must be forwarded to the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, along with the requested documents within 30 days of receipt of this Order and Subpoena.

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WHEREFORE, the Chairman of the Federal Election Commission has hereunto set her hand in Washington, D.C. on this 22nd day of June, 1996.

For the Commission,

Lee Ann Elliott

Lee Ann Elliott
Chairman

ATTEST:

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

Attachments
Questions and Document Requests

9804386013

## 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, 1993 to the present.

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 document shall mean state the nature or type of document (e.g., letter, memorandum), the date, if any, appearing thereon, the date on which the document was prepared, the title of the document, the general subject matter of the document, the location of the document, the number of pages comprising the document.

"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.

## BEFORE THE FEDERAL ELECTION COMMISSION

## INTERROGATORIES AND REQUESTS FOR DOCUMENTS

MUR 4283
MUR 4402
West One Bank

1. State whether it is your normal course of business to approve loans after the loan proceeds have been disbursed.

2. Please state the usual length of time between an initial loan application and final disbursement of loan funds for both an unsecured loan and a loan secured with real property in November of 1994 and in October of 1995.

3. Please state the meaning of the term "WOBRR," and explain how WOBRR is different from the prime lending rate.

4. Please state the number of personal loans made by West One Bank in 1994 and 1995 which were either not secured or were secured only with a promissory note, and provide the following information for each such loan:

a. State whether the loan recipient had an account with West One Bank;

b. List the loan amount and interest rate;

c. State whether the interest rate was adjustable or fixed; and

d. Provide the prime rate and WOBRR in effect on the date the loan was made.

5. Please state the number of all secured personal loans made by West One Bank in 1994 and 1995, and provide the following information relating to such loans:

a. State the number of loans made which bore a fixed interest rate; and

b. State the number of loans made which bore a fixed interest rate that was 1 percent above the prime rate or WOBRR or lower. For each such loan state the loan amount, the interest rate, and provide the prime rate and WOBRR in effect on the date the loan was made.

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6. Is there a general rule in the banking industry for making unsecured loans so that a bank would only make such a loan if it were equal to no more than 10 percent of a borrower's assets? State whether this rule was in effect in 1994.

7. Please describe West One Bank's internal policy or procedure in determining whether to make an unsecured loan to an individual. In answering this interrogatory, please provide any written guidelines memorializing this policy or procedure.

8. State whether in November of 1994 an individual borrower of an unsecured loan could repay West One Bank with a single balloon payment rather then installment payments of principle. Please state the numbers of unsecured personal loans made by West One Bank from 1994 to 1996 where the borrower repaid with installment payments and where the borrower repaid with a single balloon payment. If West One Bank has a formal policy relating to this issue, please provide a copy of it.

9. Please identify each account, loan, line of credit, or other banking activity the Chenoweth for Congress Committee has had with West One Bank. For each, please provide the following information:

a. List the date each account, loan, line of credit, or credit card was opened or obtained;

b. List the date each account, loan, line of credit, or credit card was closed, paid off, or canceled; and

c. Provide the terms and payment record for each loan or line of credit.

10. Regarding the FEC C-1 report signed by Wayne Crow on January 30, 1995, reflecting the making of a $40,000 loan to the Chenoweth Committee, please provide the following information:

a. Identify the individual who signed the C-1 on behalf of West One Bank;

b. Describe any conversations West One Bank had with the Chenoweth Committee regarding the C-1; and

c. Please identify all individuals associated with West One Bank who were responsible for filling out and/or reviewing the information on the C-1.

**BEFORE THE FEDERAL ELECTION COMMISSION**

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| | ) | |
| **In the Matter of** | ) | **MUR 4283** |
| | ) | **MUR 4402** |

**SUBPOENA TO PRODUCE DOCUMENTS**
**ORDER TO SUBMIT WRITTEN ANSWERS**

TO: West One Bank
c/o Arthur L. Herold
and Frank M. Northam
Webster, Chamberlain & Bean
1747 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

Pursuant to 2 U.S.C. § 437d(a)(1) and (3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order and subpoenas you to produce the documents requested on the attachment to this Subpoena. Legible copies which, where applicable, show both sides of the documents may be substituted for originals.

Such answers must be submitted under oath and must be forwarded to the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, along with the requested documents within 30 days of receipt of this Order and Subpoena.

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WHEREFORE, the Chairman of the Federal Election Commission has hereunto set her hand in Washington, D.C. on this 27th day of June, 1996.

For the Commission,

Lee Ann Elliott

Lee Ann Elliott
Chairman

ATTEST:

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

Attachments
Questions and Document Requests

9604386019

## 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, 1993 to the present.

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.

## 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 document shall mean state the nature or type of document (e.g., letter, memorandum), the date, if any, appearing thereon, the date on which the document was prepared, the title of the document, the general subject matter of the document, the location of the document, the number of pages comprising the document.

"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.

## BEFORE THE FEDERAL ELECTION COMMISSION

## INTERROGATORIES AND REQUESTS FOR DOCUMENTS

MUR 4283
MUR 4402
West One Bank

1. With regard to Helen Chenoweth's banking history with West One Bank, please provide the following information:

a. State the length of time Ms. Chenoweth has been a customer of West One Bank or its predecessors in interest;

b. Please identify each account, credit card, or other banking activity (besides a loan or line of credit) that Ms. Chenoweth has had with West One Bank. For each, please provide the following information:

i. List the date each account, credit card, or other banking activity was opened or obtained; and

ii. List the date each account, credit card, or other banking activity was closed, paid off, or canceled.

c. State whether Ms. Chenoweth had a bank account in her name at West One Bank on November 22, 1994 and/or October 20, 1995? If so, please provide the balance of each such account held in Ms. Chenoweth's name for both dates; and

d. Please list and describe all loans (including a line of credit or any loans that Ms. Chenoweth guaranteed) Ms. Chenoweth has received from West One Bank, in either a personal capacity or professional capacity as an officer of Consulting Associates, Inc. Please provide copies of all promissory notes and other documents memorializing the loans or used to obtain them. For each such loan, describe the collateral which was used to secure it.

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2. Relating to the November 8, 1995 bank loan from West One Bank to Helen Chenoweth, a Consumer Loan Worksheet & Checklist, notes under "Derogatory or Insufficient Credit History" that "slow credit occurred during campaign year. Credit now current." With regard to this statement of past slow credit, state whether this information was known by West One Bank loan officers in 1994. If so, please provide copies of any 1994 documents containing this information and/or any analysis thereof. If not, please state why was this information not known by West One Bank.

3. Helen Chenoweth applied for a $40,000 loan from West One Bank on November 22, 1994 and the loan funds were disbursed on November 23, 1994. Regarding this loan, please provide the following information:

a. Identify each person (including loan officers, supervisors, managers, and any other person) who worked on or approved this loan;

b. Describe in detail the specific task performed by each person identified in Interrogatory 3(a);

c. State the basis upon which approval was granted;

d. State the date approval was granted for the $40,000 loan and provide any documentation memorializing that approval;

e. Please list the dates on which loan payments for the 1994 loan were due; and

f. Please provide documentation showing the dates and amounts of payments of interest and principal for the 1994 loan.

4. Identify each person employed by West One Bank (including loan officers, supervisors, managers, and any other person) who worked on or approved the loan that Ms. Chenoweth obtained from West One Bank on November 8, 1995.

5. Is there a general rule in the banking industry for making unsecured loans so that a bank would only make such a loan if it were equal to no more than 10 percent of a borrower's assets? State whether this rule was in effect in 1994. If so, state why you departed from this rule in making the 1994 loan to Helen Chenoweth.

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**FEDERAL ELECTION COMMISSION**

**FACTUAL AND LEGAL ANALYSIS**

**RESPONDENT: West One Bank** **MUR 4283**
**MUR 4402**

This matter was generated by a complaint filed with the Federal Election Commission ("Commission") on November 21, 1995. This matter was also generated based on information ascertained by the Commission in the normal course of carrying out its supervisory responsibilities. See 2 U.S.C. § 437g(a)(1). William L. Mauk, Chair of the Idaho Democratic Party ("Complainant") alleged that Helen Chenoweth and her campaign committee, Chenoweth for Congress Committee and Wayne Crow, as treasurer, ("Chenoweth Committee" or "Committee") and West One Bank violated provisions of the Federal Election Campaign Act of 1971, as amended, ("Act" or "FECA"). West One Bank was notified of the complaint on November 29, 1995 and responded to it on January 18, 1996.

## II. FACTUAL AND LEGAL ANALYSIS

### A. Law

#### 1. Corporate Contributions

It is unlawful for any corporation to make a contribution or expenditure in connection with a federal election, or for any candidate or political committee to knowingly accept any prohibited contribution. 2 U.S.C. § 441b(a). A contribution or expenditure includes any direct or indirect payment, distribution, loan, advance, deposit, or gift of money or any services, or anything of value. 2 U.S.C. § 441b(b)(2).

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**2. Bank Loans**

Pursuant to 2 U.S.C. §§ 431(8)(B)(vii) and 441b(b)(2), and 11 C.F.R. §§ 100.7(b)(11) and 100.8(b)(12), a loan by a bank is not a contribution if such loan is made in accordance with applicable banking laws and regulations and is made in the ordinary course of business. A loan will be deemed to be made in the ordinary course of business if it meets four criteria: 1) the loan bears the usual and customary interest rate of the lending institution for the category of loan involved; 2) the loan is made on a basis which assures repayment; 3) the loan is evidenced by a written instrument; and 4) the loan is subject to a due date or amortization schedule. 2 U.S.C. § 431(8)(B)(vii) and 11 C.F.R. § 100.7(b)(11).

A loan will be considered to have been made on a basis which assures repayment if it is obtained using one of two sources of repayment or a combination of both. The first possible source of repayment is if the lending institution has perfected a security interest in collateral owned by the candidate or political committee receiving the loan, and the fair market value of such collateral, less any liens, is equal to or greater than the loan amount. The second possible source of repayment is if the candidate or political committee provides the bank with a written agreement pledging future receipts such as public financing, contributions, or interest income, the amount of which is equal to the loan. 11 C.F.R. § 100.7(b)(11)(i). If these criteria are not met, the Commission will consider the totality of the circumstances on a case-by-case basis in determining whether a loan was made on a basis which assures repayment. 11 C.F.R. § 100.7(b)(11)(ii).

Pursuant to 11 C.F.R. § 101.2(a), any candidate who obtains any loan in connection with his or her campaign shall be considered as having obtained such a loan as an agent of his or her authorized committee.

**3. Reporting Requirements**

Under the Act, a bank loan obtained by a candidate is a receipt which must be reported to the Commission in the first report following a political committee's receipt of the loan. The regulations require that along with the report, the campaign must file a Schedule C-1 containing several types of information including: the date and amount of the loan; the interest rate and rate of repayment; the type and value of collateral used to secure the loan; whether the security is perfected; and an explanation of the basis upon which the loan was made if not made on the basis of traditional collateral or other permitted sources of repayment. The Schedule C-1 must also contain certification from the lending institution stating that the terms of the loan as reported are accurate; that the lending institution was aware of the Commission's loan regulations; that the loan is made on a basis that assures repayment; and that the loan was made with no more favorable rates or terms than other loans. 11 C.F.R. § 104.3(d). Pursuant to 2 U.S.C. § 434(b)(4), a committee must also report all disbursements made during the reporting period.

**B. <u>Complaint</u>**

Complainant William L. Mauk, Chair of the Idaho Democratic Party, filed a complaint with the Commission on November 21, 1995. He alleges that Helen Chenoweth, the Chenoweth for Congress Committee and Wayne Crow, as treasurer, and West One Bank violated FECA by receiving or making an "illegal" bank loan. Complainant alleges that Helen Chenoweth received

a bank loan of $40,400 from West One Bank, which was made without collateral or other security and thus did not meet the Act's requirement that it be "made on a basis which assures repayment." Complainant further alleges that the loan initially was reported on Committee reports as a personal loan from Helen Chenoweth to her campaign committee and not as a bank loan from West One Bank and originally was reported as bearing an interest rate of ten and one-quarter percent. This information in the initial complaint was also separately ascertained by the Commission in the normal course of carrying out its supervisory responsibilities.

C. **Response**

West One Bank responded to the complaint on January 18, 1996. The bank contends that "if there was any violation of the FECA by West One Bank, such a violation was a technical one, at best, and now has been rectified" -- the loan to Ms. Chenoweth was restructured in November, 1995, when she obtained a second mortgage on her residence. West One Bank Response at 1, (January 18, 1995). Prior to receiving the 1994 bank loan from West One Bank, Ms. Chenoweth had been a customer of West One Bank for five years. During that period she maintained an account with the bank, took out two loans, and had a line of credit. "Her payment history as to those loans and the line of credit had been excellent."

On November 22, 1994, Ms. Chenoweth applied for a personal loan. According to West One Bank, "The loan officers who processed Ms. Chenoweth's loan application handled the application in the manner in which they would have handled any other individual's application for a personal loan for business purposes and followed the bank's routine procedures in processing the application." The bank admits that this loan application may have been

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distinguished from others because the loan officers knew Ms. Chenoweth had been elected to Congress and thus would have a much higher guaranteed income. After reviewing Ms. Chenoweth's loan documents, the loan officers determined that she was qualified "under the bank's guidelines for the granting of personal loans," to receive a $40,400 unsecured loan (including $400 for the bank's loan fee) at a variable interest rate, initially at 10%.

West One Bank contends that this loan complied with all requirements, "except, possibly, the requirement that the loan be 'made on a basis which assures repayment', since the loan was unsecured." Although Ms. Chenoweth had advised the bank that the money would be partially repaid with proceeds from fund-raisers and that part or all of the loan proceeds would be used for campaign debts, "the loan officers were not aware, and did not believe that fact might make the loan subject to any special requirement other than the bank's guidelines for the granting of loans." Until the loan became the subject of media coverage in the fall of 1995, the bank was unaware of any possible "technical" deficiencies in the loan. West One Bank states:

> Once it appeared that the loan might not satisfy the "assurance of repayment" requirement, both the bank and Ms. Chenoweth took steps to rectify the situation. Ms. Chenoweth made a large principal payment against the November 23, 1994 loan. She then applied for, and received , a new loan from West One Bank that was secured by collateral in her Idaho residence. The proceeds from that loan were used to retire the November 23, 1994 loan. . . . The new loan that West One Bank issued to Ms. Chenoweth on November 8, 1995 is fully collateralized and was subjected to the bank's normal and routine process for the granting of such loans.

The bank contends that the new loan is in full compliance with the requirements of 11 C.F.R. § 100.7(b)(11). The bank also submitted certain documents relating to the 1994 and 1995 loans.

**D. Analysis**

According to the regulations, a loan will be deemed to be made in the ordinary course of business if meets four criteria. The 1994 Chenoweth loan met two of the four criteria in that it was evidenced by a written instrument -- the promissory note -- and it was subject to a due date of November 23, 1995. However, this loan may not have been made in the ordinary course of business, as it appears that the loan neither met the assurance of repayment criterion nor bore the usual and customary interest rate of the lending institution for the category of loan involved. 11 C.F.R. §§ 100.7(b)(11) and 100.8(b)(12). Although Helen Chenoweth applied for these loans in her own name, she received them as an agent of the Chenoweth Committee pursuant to 11 C.F.R. § 101.2(a).

With respect to the assurance of repayment criterion, the bank did not receive either of the two alternative sources of repayment which automatically satisfy the assurance of repayment criterion as reflected in 11 C.F.R. § 100.7(b)(11)(i) -- it did not have a perfected security interest in collateral, the fair market value of which was greater than or equal to $40,000, and there was no written agreement signed by the candidate or her committee pledging future receipts.[1] Nor does the totality of the circumstances in this situation indicate that the loan was made on a basis which assured repayment. 11 C.F.R. § 100.7(b)(11)(ii).

West One Bank appears to concede that the 1994 loan probably would not meet the assurance of repayment requirement. The bank notes in its response that: "Once it appeared that

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[1] Although Ms. Chenoweth had orally informed West One Bank that she would use campaign fund-raisers to repay a portion of the 1994 loan, this was not a pledge of future receipts required by 11 C.F.R. § 100.7(b)(11)(i)(B) and was not a basis to assure repayment, in particular because the Chenoweth Committee already had significant outstanding debts at the time this loan was made.

the loan might not satisfy the 'assurance of repayment' requirement, both the bank and Ms. Chenoweth took steps to rectify the situation." West One Bank Response at 3. The bank acknowledges elsewhere: "As is readily apparent, the loan to Ms. Chenoweth complied with all of the requirements of 11 C.F.R. § 100.7(b)(11) except, possibly, the requirement that the loan be 'made on a basis which assures repayment', since the loan was unsecured." Id. at 2.
Ms. Chenoweth appears to have restructured the loan using home equity after a number of newspaper articles commented unfavorably on this transaction.

Although West One Bank decided that Ms. Chenoweth was a good credit risk -- the loan memorandum recommending approval of the loan noted that Ms. Chenoweth has good repayment ability, good credit, limited debt, and a sure job for two years -- these factors do not satisfy the assurance of repayment criterion. In addition, it is not even clear that the bank memorandum supporting approval of the loan was accurate in stating that Ms. Chenoweth had good credit in 1994. Although the bank did not attach Ms. Chenoweth's credit history to its response, there is no indication that the bank analyzed Ms. Chenoweth's credit history in 1994 or it would have noted that she had missed payments during the election year. In contrast, for the 1995 loan, the bank attached a consumer loan worksheet and checklist. This document noted on the "derogatory or insufficient credit history" section that "slow credit occurred during campaign year. Credit is now current." Although there may have been different requirements for processing the unsecured 1994 loan and the 1995 secured loan, presumably this information would have appeared on a 1994 credit report which was ignored by the bank in its loan recommendation. Furthermore, in making the 1994 loan the bank received absolutely no collateral. Although the promissory note permitted a right of set off such that the bank could

attach all funds held in Ms. Chenoweth's name at West One Bank, Ms. Chenoweth apparently had no personal accounts in the bank. On her financial statement dated November 23, 1994, Ms. Chenoweth listed her sole cash assets as $6,322 held by the National Guard Credit Union.[2]

Respondents also do not appear to have satisfied the requirement that the loan bear the usual and customary interest rate of the lending institution for the category of loan involved. The 1994 $40,000 unsecured loan was obtained at a variable rate equal to 1.5% over prime, initially at 10%. The 1995 loan was for $30,400 loaned at a fixed rate of 9.67%; in October, 1995 the prime rate was 8.75%. West One Bank did not provide information showing that the rates in effect for the 1994 and 1995 bank loans were the customary interest rates for the time periods during which the two loans were made, but publicly available information obtained concerning the current practices of two banks raises questions as to whether the loans may have been made below market rate.[3]

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[2] Other evidence that the 1994 loan may not satisfy the assurance of repayment criterion arises from the amount of the loan when compared to her net worth.

Two newspaper articles focusing on this transaction, one by the Associated Press and one appearing in the Idaho Statesman, state that the industry "rule of thumb" for unsecured loans is to make a loan equal to no more than 10% of an individual's net worth. An Idaho Statesman article by a reporter who attempted to mimic Ms. Chenoweth by applying for an unsecured loan and got kicked out of West One Bank by its president, notes that "[w]hen I filled out my application with Joyce Brewer, manager of the Statehouse branch, she said the 'general rule' for unsecured loans is 10 percent of a borrower's assets. . . . She also said the 10 percent rule is flexible."

[3] In an effort to determine whether the interest rate was something the Commission should examine, the Office of General Counsel contacted Crestar, a local District of Columbia bank, and West One Bank in Boise, Idaho to find out how a bank's lending rate for personal loans is currently related to the prime rate for both secured and unsecured loans. On February 7, 1996, when the prime lending rate was 8.25%, Crestar would have charged 10.25% interest on a $40,000 secured loan (2% above prime) and would have charged 12.5% interest on a $40,000 unsecured loan (4.25% above prime). There would be no additional loan fees. According to a West One Bank loan officer, for a loan secured with home equity, the rate on a $40,000 loan

Recent communications between the Committee and the Commission raise additional questions regarding the 1995 loan. Pursuant to a recent request for additional information from the Reports Analysis Division questioning in part the Chenoweth Committee's failure to submit a C-1 and accompanying loan document relating to the 1995 loan, counsel for the Chenoweth Committee states that West One Bank has "taken a firm position that [the 1995 loan] is a personal loan, as it is secured that it was a personal loan to Helen Chenoweth and not to the Committee." Chenoweth Committee Response to Request for Additional Information (April 23, 1996). Although not yet argued in context of the instant matter, West One Bank may now argue, at least with respect to the 1995 loan, that it did not have to comply with the regulations governing loans made to candidates or their committees because it had only made personal loans to Ms. Chenoweth.

If the loan is made to the candidate and then it is used for campaign purposes, the loan must meet the FECA's requirements governing loans to candidates and committees. Ms. Chenoweth sought the original 1994 loan to pay off debts accrued by her committee and she received the loan as an agent of the Chenoweth Committee pursuant to 11 C.F.R. § 101.2(a). Apparently, in 1995, after a great deal of publicity she and West One Bank decided to restructure the loan so that it would be secured by her personal residence. This restructuring however does not change this loan into a personal loan. The bank's unwillingness to sign a schedule C-1

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would be either 9.68% (variable rate) or 10.15% (fixed rate), in addition to a $500 flat loan fee. If the same loan were unsecured the bank would charge 12.13% (variable rate) or 14% (fixed rate), in addition to a 1% loan application fee. Thus, both Crestar and West One Bank currently charge at least 2% more for an unsecured loan than for a secured loan and West One Bank currently charges almost 4% over prime for an unsecured adjustable rate loan. Although not determinative of the interest criterion for the 1994 and 1995 loans, it appears that at present an unsecured loan with an interest rate of 1.5% over prime and a secured loan with an interest rate of .92% over prime would not satisfy that criterion.

certifying that the 1995 loan was made in the ordinary course of business substantiates concerns that the loan was not made in the ordinary course of business.[4]

Accordingly, there is reason to believe that West One Bank violated 2 U.S.C. § 441b for making contributions in connection with an election to federal office.

[4] There also may have been additional elements of the 1994 loan which indicate that it was not made in the ordinary course of business. Ms. Chenoweth applied for her loan on November 22, 1994, actually signed her application and financial statement on November 23, 1994, and received her loan payment on November 23, 1994. This seems remarkably swift, particularly when the loan memorandum recommending approval of the loan was dated December 2, 1994, even though the bank's response states that this is an internal document frequently prepared after the loan has been issued. West One Bank, Response at 2. In the same conversation the Office of General Counsel had with the West One Bank loan officer on February 7, 1996, the loan officer stated that unsecured loans must be paid off in installments and that the bank does not customarily allow the loan recipient to make a single balloon payment. In this case, interest was paid in quarterly payments and the face value of the loan was paid off at the end of the loan cycle.

9604386013

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 28, 1996

John C. Keenan, Esq.
Goicoechea Law Offices
P.O. Box 340
Nampa, Idaho 83653

RE: MUR 4283 and MUR 4402
The Honorable Helen P. Chenoweth
Chenoweth for Congress Committee
and Wayne Crow, as treasurer

Dear Mr. Keenan:

On November 29, 1995, the Federal Election Commission notified your clients, Representative Helen P. Chenoweth and the Chenoweth for Congress Committee and Wayne Crow, as treasurer, ("Chenoweth Committee") 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 information supplied by you, the Commission, on June 25, 1996, found that there is reason to believe Representative Chenoweth violated 2 U.S.C. § 441b and the Chenoweth Committee violated 2 U.S.C. §§ 434(b) and 441b and 11 C.F.R. § 104.3, provisions of the Act or the Commission's regulations. The Factual and Legal Analyses, which formed a basis for the Commission's finding, are 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 along with answers to the enclosed questions 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 a violation has occurred and proceed with conciliation.

Celebrating the Commission's 20th Anniversary
YESTERDAY, TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

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 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.

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 Stephan Kline, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

Enclosures
Questions
Factual and Legal Analyses

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**BEFORE THE FEDERAL ELECTION COMMISSION**

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| | ) | |
| **In the Matter of** | ) | **MUR 4283** |
| | ) | **MUR 4402** |

**SUBPOENA TO PRODUCE DOCUMENTS**
**ORDER TO SUBMIT WRITTEN ANSWERS**

TO: The Honorable Helen Chenoweth
c/o John C. Keenan, Esq.
Goicoechea Law Offices
P.O. Box 340
Nampa, Idaho 83653

Pursuant to 2 U.S.C. § 437d(a)(1) and (3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order and subpoenas you to produce the documents requested on the attachment to this Subpoena. Legible copies which, where applicable, show both sides of the documents may be substituted for originals.

Such answers must be submitted under oath and must be forwarded to the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, along with the requested documents within 30 days of receipt of this Order and Subpoena.

9804586016

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set her hand in Washington, D.C. on this 27th day of June, 1996.

For the Commission,

Lee Ann Elliott

Lee Ann Elliott
Chairman

ATTEST:

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

Attachments
Questions and Document Requests

## INSTRUCTIONS

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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, 1993 to the present.

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.

## 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 document shall mean state the nature or type of document (e.g., letter, memorandum), the date, if any, appearing thereon, the date on which the document was prepared, the title of the document, the general subject matter of the document, the location of the document, the number of pages comprising the document.

"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.

## BEFORE THE FEDERAL ELECTION COMMISSION

## INTERROGATORIES AND REQUESTS FOR DOCUMENTS

MUR 4283
MUR 4402
Helen Chenoweth

1. With regard to your banking history with West One Bank, please provide the following information:

a. State the length of time you have been a customer of West One Bank or its predecessors in interest;

b. Please identify each account, credit card, or other banking transaction (besides a loan or line of credit) that you have had with West One Bank. For each, please provide the following information:

i. List the date each account, credit card, or other banking transaction was opened, obtained, or took place; and

ii. List the date each account, credit card, or other banking transaction was closed, paid off, or canceled.

c. State whether you had a bank account in your name with West One Bank on either November 22, 1994 or on October 20, 1995 or both. If so, please provide the balance of each such account held in your name for both dates;

d. Please list and describe all loans (including a line of credit or any loans that you guaranteed) you have received from West One Bank or any other lending institution since 1989, in either a personal capacity or professional capacity as an officer of Consulting Associates, Inc. Please provide copies of all promissory notes and all other documents memorializing the loans or used to obtain them. For each such loan, describe the collateral which was used to secure it;

e. Please identify each person (including loan officers, supervisors, managers, and any other person) associated with West One Bank with whom you discussed either the loan obtained on November 23, 1994 or the loan obtained on November 8, 1995 and describe the nature of the discussion;

f. Please provide the following information relating to the 1994 loan with West One Bank:

i. Please list the dates on which loan payments for the 1994 loan were due;

ii. Please provide copies of checks (front and rear) used to pay interest and principal for the 1994 loan; and

iii. Please identify the source of the money used to pay off the 1994 bank loan.

2. With regard to your relationship with Consulting Associates, Inc., please provide the following information:

a. For each year from 1990 through 1993, please state your salary and please describe any non-salary payments you received from Consulting Associates;

b. List each period from 1990 through 1993 when you did not work full time on behalf of Consulting Associates and state why you did not work full time.

c. For each month from January 1, 1994 to the present, please state your salary received from Consulting Associates and please describe any non-salary payments you received from Consulting Associates. Estimate the number of hours you worked on behalf of Consulting Associates and the number of hours you worked on campaign related activities in each such month.

d. Please describe any formal or informal arrangement between you and Consulting Associates, or between you and Vernon Ravenscroft, which states how your Consulting Associates salary or other non-salary payments were derived. State whether your salary was based on the number of hours you worked for Consulting Associates, based on a percentage of Consulting Associates' profits, or based on some other formula. If your salary was based on some other formula, please describe that formula. Please provide a copy of any formal agreement, or any other document that relates to the amount of salary or other payments you received from Consulting Associates.

e. According to financial disclosure forms filed in your name with the U.S. House of Representatives, you received payments from Consulting Associates totaling $25,350 in 1992 and 1993, and $23,450 for the period January 1, 1994 through May 15 of 1994. Please explain why you received almost the same amount of income from Consulting Associates during the first quarter of 1994 you received for all of 1992 and 1993.

3. Please provide copies of your federal tax returns for the years 1992 through 1995.

4. Please state whether Consulting Associates permitted the Chenoweth Committee, or you in your capacity as candidate for Congress, to use the facilities of Consulting Associates. If so, please provide the following information for each such facility used:

a. the facility used by the Chenoweth Committee;

b. whether the use of the facility was separate from consulting services provided by Consulting Associates;

c. the date the facility was used by the Chenoweth Committee;

d. the date the Chenoweth Committee was billed for the use of the facility;

e. the amount that the Chenoweth Committee was billed for the facility;

f. how the billing amount was calculated;

g. Provide copies of any documentation relating to the billing or relating to the use of facilities;

h. whether the amount charged by Consulting Associates for the use of the facility corresponded to the usual amount charged for that item in the commercial market. If so, please provide documentation showing the amount charged was the usual market charge;

i. when was the bill paid for the use of Consulting Associates' facilities; and

j. who paid for the use of the facilities.

5. Please describe in detail all goods and services, including consulting services, provided by Consulting Associates, as a vendor to the Chenoweth Committee, and/or to you in your capacity as candidate for Congress and for each such good or service, please state:

a. The date on which it was provided and the date on which it was billed;

b. The amount that the Chenoweth Committee was billed for it;

c. The date on which the Chenoweth Committee paid Consulting Associates;

d. Provide copies of any documents relating to the billing.

e. For each service provided to the Chenoweth Committee, please list all Consulting Associates' personnel who provided the service.

6. State whether Consulting Associates extended credit to clients other than the Chenoweth Committee. If so, please provide the following information:

a. What was Consulting Associates' normal practice on providing extensions of credit to clients;

b. What was Consulting Associates' standard billing cycle for services provided to clients; and

c. List all instances between 1993 and 1995 when Consulting Associates extended credit to non-Chenoweth Committee clients for travel expenses.

7. State whether any of Consulting Associates' clients, other than the Chenoweth Committee, have used the facilities of Consulting Associates. If so, please state:

a. All clients who used the facilities of Consulting Associates;

b. All clients who were candidates for public office who used the facilities of Consulting Associates.

c. Which facilities were used by each client; and

d. How much each client was charged for each facility used.

8. State whether the services provided to the Chenoweth Committee by Vernon Ravenscroft, Diana Chenoweth, and any other Consulting Associates' employee, other than you, were provided pursuant to an agreement and provide a copy of any such agreement.

9. State whether Consulting Associates provided services to other, non-Chenoweth Committee clients, pursuant to consulting agreement and provide copies of all such agreements entered into between 1993 and 1995.

10. Please provide the following information about Consulting Associates:

a. For the period from 1990 to the present, please state all owners and officers of Consulting Associates. Please describe any changes that took place in the ownership or control of Consulting Associates during that period;

b. Please state whether at any time between January 1, 1993 and the present Consulting Associates received the sub-chapter S tax status under the Internal Revenue Code. If so, please provide documentation from the Internal Revenue Service evidencing this sub-chapter S status;

c. Please provide copies of Consulting Associates' federal tax return statements for the years 1990 to the present;

d. Please identify the owner of the building at 1843 Broadway, Boise, Idaho occupied by Consulting Associates from 1993 to 1995 and state the amount of rent paid by Consulting Associates;

e. Please list all persons employed by Consulting Associates from 1993 to 1995, other than you, and state the salary or wage paid to each individual;

f. Please state whether you were personally liable for Consulting Associates rent or any other obligations between 1994 and 1995.

g. Please state whether Consulting Associates retains its corporate status under Idaho law. If not, please provide the following information:

i. When and why Consulting Associates ceased operations;

ii. How its assets were divided up among its shareholders; and

iii. List any payments you received in connection with this shut down;

iv. List any debts Consulting Associates owed at the time of the shut down and state to whom any such debts are owed;

v. Who is responsible for any remaining debts of Consulting Associates; and

vi. Who retains the corporate records of Consulting Associates;

h. Who, other than yourself, is best able to answer questions about Consulting Associates' bills, billing practices, and/or services provided to clients.

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**BEFORE THE FEDERAL ELECTION COMMISSION**

| | | |
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| | ) | |
| **In the Matter of** | ) | **MUR 4283** |
| | ) | **MUR 4402** |

**SUBPOENA TO PRODUCE DOCUMENTS**
**ORDER TO SUBMIT WRITTEN ANSWERS**

TO: Chenoweth for Congress Committee and
Wayne Crow, as treasurer
c/o John C. Keenan, Esq.
Goicoechea Law Offices
P.O. Box 340
Nampa, Idaho 83653

Pursuant to 2 U.S.C. § 437d(a)(1) and (3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order and subpoenas you to produce the documents requested on the attachment to this Subpoena. Legible copies which, where applicable, show both sides of the documents may be substituted for originals.

Such answers must be submitted under oath and must be forwarded to the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, along with the requested documents within 30 days of receipt of this Order and Subpoena.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set her hand in Washington, D.C. on this 27th day of June, 1996.

For the Commission,

Lee Ann Elliott

Lee Ann Elliott
Chairman

ATTEST:

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

Attachments
Questions and Document Requests

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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, 1993 to the present.

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.

## 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 document shall mean state the nature or type of document (e.g., letter, memorandum), the date, if any, appearing thereon, the date on which the document was prepared, the title of the document, the general subject matter of the document, the location of the document, the number of pages comprising the document.

"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.

## BEFORE THE FEDERAL ELECTION COMMISSION

## INTERROGATORIES AND REQUESTS FOR DOCUMENTS

MUR 4283
MUR 4402
Chenoweth for Congress Committee and Wayne Crow, as treasurer

1. Please identify those individuals who worked for, volunteered for, or provided advice to the Chenoweth for Congress Committee ("Chenoweth Committee") and are best able to answer questions about the Chenoweth Committee's relationship with Consulting Associates, Inc.

2. On Chenoweth Committee reports filed with the Commission, the purpose lines for many disbursements to Consulting Associates are labeled "rental" or "consulting-primary." In connection with disbursements made to Consulting Associates, please separately describe what is included within the terms "rental" and "consulting." Identify the individuals responsible for deciding how to describe the purpose of the disbursements to Consulting associates on FEC reports.

3. Please state whether Consulting Associates permitted the Chenoweth Committee to use the facilities of Consulting Associates. If so, please provide the following information for each such facility used:

a. the facility used by the Chenoweth Committee;

b. whether the use of the facility was separate from consulting services provided by Consulting Associates;

c. the date the facility was used by the Chenoweth Committee;

d. the date the Chenoweth Committee was billed for the use of the facility;

e. the amount that the Chenoweth Committee was billed for the facility;

f. how the billing amount was calculated;

g. Provide copies of any documentation relating to the billing or relating to the use of facilities;

h. whether the amount charged by Consulting Associates for the use of the facility corresponded to the usual amount charged for that item in the

commercial market. If so, please provide documentation showing the amount charged was the usual market charge;

i. when was the bill paid for the use of Consulting Associates' facilities; and

j. who paid for the use of the facilities.

4. Please describe in detail all goods and services, including consulting services, provided by Consulting Associates to the Chenoweth Committee, and for each such good or service, please state:

a. The date on which it was provided and the date on which it was billed;

b. The amount that the Chenoweth Committee was billed for it;

c. The date on which the Chenoweth Committee paid Consulting Associates; and

d. Provide copies of any documents relating to the billing.

e. If a service was provided to the Chenoweth Committee, please list all Consulting Associates' personnel who provided the service.

5. Explain how the relationship developed between the Chenoweth Committee and Consulting Associates; and

a. Provide any written agreement describing which services Consulting Associates would provide to the Chenoweth Committee;

b. Describe in detail any oral agreement or understanding concerning the provision of services by Consulting Associates to the Chenoweth Committee; and

c. State when the relationship commenced and concluded.

6. State whether the services provided to the Chenoweth Committee by Vernon Ravenscroft, Diana Chenoweth, and any other Consulting Associates' employee, other than Helen Chenoweth, were provided pursuant to an agreement and provide a copy of any such agreement.

7. Please identify each account, loan, line of credit, or other banking activity the Chenoweth Committee has had with West One Bank. For each, please provide the following information:

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a. List the date each account, loan, line of credit, or credit card was opened or obtained;

b. List the date each account, loan, line of credit, or credit card was closed, paid off, or canceled; and

c. Provide the terms for each loan or line of credit.

8. Regarding the FEC C-1 report signed by Wayne Crow on January 30, 1995, describe any conversations the Chenoweth Committee had with West One Bank regarding the C-1. Please identify all individuals associated with the Chenoweth Committee who were responsible for filling out and/or reviewing the information on the C-1.

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**FEDERAL ELECTION COMMISSION**

**FACTUAL AND LEGAL ANALYSIS**

**MUR 4283**

**MUR 4402**

**RESPONDENTS: Chenoweth for Congress Committee and Wayne Crow, as treasurer**

This matter was generated by a complaint filed with the Federal Election Commission ("Commission") on November 21, 1995. This matter was also generated based on information ascertained by the Commission in the normal course of carrying out its supervisory responsibilities. See 2 U.S.C. § 437g(a)(1). William L. Mauk, Chair of the Idaho Democratic Party ("Complainant") alleged that Helen Chenoweth and her campaign committee, Chenoweth for Congress Committee and Wayne Crow, as treasurer, ("Chenoweth Committee" or "Committee") and West One Bank violated provisions of the Federal Election Campaign Act of 1971, as amended, ("Act" or "FECA"). Respondents Helen Chenoweth and the Chenoweth Committee (collectively, "Chenoweth Respondents") were notified of the complaint on November 29, 1995 and responded to the complaint on December 15, 1995. On January 16, 1996, the Commission received an amended complaint in MUR 4283 addressing additional violations of the Act. The Chenoweth Respondents were notified of the amendment to the complaint on January 23, 1996 and responded on February 12, 1996.

## II. FACTUAL AND LEGAL ANALYSIS

### A. Law

#### 1. Corporate Contributions

It is unlawful for any corporation to make a contribution or expenditure in connection with a federal election, or for any candidate or political committee to knowingly accept any prohibited contribution. 2 U.S.C. § 441b(a). A contribution or expenditure includes any direct or indirect payment, distribution, loan, advance, deposit, or gift of money or any services, or anything of value. 2 U.S.C. § 441b(b)(2).

The regulations exclude from the definition of contribution and expenditure "[a]ny activity which is specifically permitted by Part 114." 11 C.F.R. § 114.1(a)(2)(x). Activity which is permitted by Part 114 and which is particularly relevant in this case is the "[u]se of corporate or labor organization facilities" by certain persons under certain circumstances. Stockholders or employees of a corporation who engage in volunteer activity may make occasional, isolated or incidental use of corporate facilities in connection with a federal election without causing the corporation to make a contribution. 11 C.F.R. § 114.9(a)(1). For those activities fitting within this provision, stockholders or employees must reimburse the corporation to the extent that overhead is increased. If a stockholder or employee makes more than occasional, isolated, or incidental use of corporate facilities for individual volunteer activity, the stockholder or employee must reimburse the corporation within a commercially reasonable time for the normal and usual rental charge of the facilities.

11 C.F.R. § 114.9(c) provides that: "Any person who uses the facilities of a corporation or labor organization to produce materials in connection with a Federal election is required to

reimburse the corporation or labor organization within a commercially reasonable time for the normal and usual charge for producing such materials in the commercial market." Similarly, persons, other than corporate employees or stockholders, who use corporate facilities such as telephones or typewriters in connection with federal elections must reimburse the corporation within a reasonable time for the normal and usual rental charge. 11 C.F.R. § 114.9(d). The term "usual and normal charge" for goods means the price of those goods in the market from which they ordinarily would have been purchased at the time of the contribution or expenditure. 11 C.F.R. § 100.7(a)(1)(iii)(B) and 11 C.F.R. § 100.8(a)(1)(iv)(B).[1]

11 C.F.R. § 116.3(b), which is part of the regulatory scheme addressing debts owed by political committees or candidates, provides that a corporation in its capacity as a commercial vendor may extend credit to a candidate, political committee, or another person on behalf of a candidate or political committee provided that the credit is extended in the ordinary course of the corporation's business. 11 C.F.R. § 116.1(c) defines "commercial vendor" as "any person providing goods and services to a candidate or political committee whose usual and normal business involves the sale, rental, lease or provision of those goods or services."

**2. Bank Loans**

Pursuant to 2 U.S.C. §§ 431(8)(B)(vii) and 441b(b)(2), and 11 C.F.R. §§ 100.7(b)(11) and 100.8(b)(12), a loan by a bank is not a contribution if such loan is made in accordance with applicable banking laws and regulations and is made in the ordinary course of business. A loan will be deemed to be made in the ordinary course of business if it

[1] Since the time the activities at issue in this MUR took place, the Commission has promulgated new regulations on corporate facilitation. These regulations appear at 11 C.F.R. § 114.2(f).

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meets four criteria: 1) the loan bears the usual and customary interest rate of the lending institution for the category of loan involved; 2) the loan is made on a basis which assures repayment; 3) the loan is evidenced by a written instrument; and 4) the loan is subject to a due date or amortization schedule. 2 U.S.C. § 431(8)(B)(vii) and 11 C.F.R. § 100.7(b)(11).

A loan will be considered to have been made on a basis which assures repayment if it is obtained using one of two sources of repayment or a combination of both. The first possible source of repayment is if the lending institution has perfected a security interest in collateral owned by the candidate or political committee receiving the loan, and the fair market value of such collateral, less any liens, is equal to or greater than the loan amount. The second possible source of repayment is if the candidate or political committee provides the bank with a written agreement pledging future receipts such as public financing, contributions, or interest income, the amount of which is equal to the loan. 11 C.F.R. § 100.7(b)(11)(i). If these criteria are not met, the Commission will consider the totality of the circumstances on a case-by-case basis in determining whether a loan was made on a basis which assures repayment.
11 C.F.R. § 100.7(b)(11)(ii).

Pursuant to 11 C.F.R. § 101.2(a), any candidate who obtains any loan in connection with his or her campaign shall be considered as having obtained such a loan as an agent of his or her authorized committee.

**3. Reporting Requirements**

FECA requires the principal committee of each candidate for federal office to report each person who makes a loan to the reporting committee during the reporting period together with the identification of any endorser or guarantor of the loan, the date the loan was made, and the

value of the loan. 2 U.S.C. § 434(b)(3)(E). In addition, the committee is required to report each person who receives a loan repayment from the reporting committee during the reporting period, along with the date and amount of each such loan repayment. 2 U.S.C. § 434(b)(5)(d). The term "person" is defined as "an individual, partnership, committee, association, corporation, labor organization, or any other organization or group of persons. . . . " 2 U.S.C. § 431(11).

Under the Act, a bank loan obtained by a candidate is a receipt which must be reported to the Commission in the first report following a political committee's receipt of the loan. The regulations require that along with the report, the campaign must file a Schedule C-1 containing several types of information including: the date and amount of the loan; the interest rate and date of repayment; the type and value of collateral used to secure the loan; whether the security is perfected; and an explanation of the basis upon which the loan was made if not made on the basis of traditional collateral or other permitted sources of repayment. The Schedule C-1 must also contain certification from the lending institution stating that the terms of the loan as reported are accurate; that the lending institution was aware of the Commission's loan regulations; that the loan is made on a basis that assures repayment; and that the loan was made with no more favorable rates or terms than other loans. 11 C.F.R. § 104.3(d). Pursuant to 2 U.S.C. § 434(b)(4), a committee must also report all disbursements made during the reporting period.

**B. <u>Complaint</u>**

Complainant William L. Mauk, Chair of the Idaho Democratic Party, filed a complaint with the Commission on November 21, 1995. He alleges that Helen Chenoweth, the Chenoweth for Congress Committee and Wayne Crow, as treasurer, and West One Bank violated FECA by

receiving or making an "illegal" bank loan. Complainant alleges that Helen Chenoweth received a bank loan of $40,400 from West One Bank, which was made without collateral or other security and thus did not meet the Act's requirement that it be "made on a basis which assures repayment." Complainant further alleges that the loan initially was reported on Committee reports as a personal loan from Helen Chenoweth to her campaign committee and not as a bank loan from West One Bank and originally was reported as bearing an interest rate of ten and one-quarter percent. This information in the initial complaint was also separately ascertained by the Commission in the normal course of carrying out its supervisory responsibilities.

On January 16, 1996, Complainant amended his complaint alleging that during the 1993-1994 election cycle, Congresswoman Chenoweth and her campaign committee were engaged in a series of transactions with Consulting Associates, Inc. ("Consulting Associates") involving corporate contributions and the conversion of campaign funds to the candidate's personal use. Complainant enclosed FEC reports filed by the Chenoweth for Congress Committee recording a $1,750 loan by Consulting Associates to candidate Chenoweth which was later repaid with campaign funds. Complainant also included a copy of a FEC report containing a $2,500 disbursement to Consulting Associates labeled "travel disbursement." Consulting Associates is an Idaho corporation and Helen Chenoweth is a principal owner, officer, and employee of this corporation. During the 1993-94 campaign, expenditures by the Chenoweth Committee to Consulting Associates totaled over $35,000 and included payments for rental, phone expenses, office/equipment rental and consulting fees. During this period, "the candidate was the secretary and treasurer of the corporation and relied upon its consulting and other services as her principal, if not exclusive, source of income." Supplemental Complaint at 2 (January 16, 1996).

According to Complainant, during vigorous 1994 primary and general election campaigns, "Public appearances and reliable information from close observers are that these campaigns were virtually full-time commitments by the candidate. Despite this, surprisingly, the House Financial Disclosure Statements reflect that Ms. Chenoweth's salary from Consulting Associates increased during her 1994 campaign, as compared to the prior, non-election year." Complainant notes the Committee first declared a $8,349.11 debt to Consulting Associates in its 1994 year-end report but that this debt is labeled "consulting primary." Complainant concludes by stating: "All indications from the available public records are that Ms. Chenoweth was paying herself directly or indirectly for 'consulting' services to her own campaign. By funneling money from her campaign through Consulting Associates, Inc., it appears that Ms. Chenoweth was able to launder political contributions for her personal gain."

C. **Response**

Helen Chenoweth and the Chenoweth Committee responded to the initial complaint on December 15, 1995. Counsel contends that the 1994 West One Bank loan "was not a contribution within the meaning of the FEC laws, as it was done in the normal course of the bank's business based upon Ms. Chenoweth's creditworthiness, her assets that far exceeded the obligations involved, and her long term relationship with the bank, and that the loan was in accordance with all applicable laws." Chenoweth Response at 1 (December 15, 1995).

According to this response, the listing of the loan at $40,000 instead of $40,400 (a base loan of $40,000 and $400 in transactional fees) on FEC forms was "inadvertent." The Committee also states that the loan's initial interest rate was 10%, which was the usual and customary interest rate for the loan. The Committee originally reported the loan as coming from

Ms. Chenoweth; however, in January, 1995, the Committee treasurer obtained a statement from the West One Bank loan officer, provided the statement to the FEC, and disclosed details of the loan. "The record clearly shows that there was never any attempt to falsify or 'hide' the loan, and any errors made in reporting the loan were harmless mistakes based on a plain reading of the relevant guidelines."

The Chenoweth Respondents state that Ms. Chenoweth had banked with West One Bank and its predecessor-in-interest (Idaho First National Bank) for twenty years, and she had received financing for various projects from the bank. "Her ability to obtain a loan of $40,000.00 was nothing new with West One Bank." The Chenoweth Respondents insist that Ms. Chenoweth's assets "far exceeded what she owed on such a loan," noting that she only owed $30,000 on her home which was assessed at $72,000 and is presently valued at $91,000. Ms. Chenoweth contends that she met her interest obligations in 1995 and the loan was paid off by refinancing and securing the new loan with a second mortgage on her residence. Respondents note "that in response to concerns raised in the news media regarding the loan, Mrs. Chenoweth promptly went the extra mile by securing the loan with a second mortgage on her residence." "Prior to becoming a candidate for Congress, it was not unusual for Ms. Chenoweth to sign a personal guarantee in the form of a promissory note for a loan, credit line, or credit card on behalf of the corporation she worked for and whom she was the secretary-treasurer."

Counsel states that, although in news reports Ms. Chenoweth was quoted as saying her campaign was in touch with lawyers, in fact this was a misstatement and the Committee had received advice from the National Republican Congressional Committee. Counsel also states that he posed questions to a "non-lawyer on the FEC staff . . . regarding the same scenario

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involving the loan in question, and the response was that a loan involving only a promissory note was completely legal as long as it was in the normal course of business of the bank and bore the customary interest rate."

On February 12, 1996, counsel for Ms. Chenoweth and the Chenoweth Committee responded to the amended complaint. Counsel initially notes that the issue of the Chenoweth Committee's acceptance of loans from Consulting Associates was previously "asked and answered" in MUR 4034.[2] The Chenoweth Respondents contend that the $2,500 "travel reimbursement" to Consulting Associates was "a payment on account at Consulting Associates, Inc. for services and expenses relating to consultation. . . ." Chenoweth Response at 1 (February 12, 1996). Counsel denies that Ms. Chenoweth used corporate resources to circumvent campaign finance laws and states that payments by the campaign to Consulting Associates were not converted to Ms. Chenoweth's personal use.

Counsel included monthly billing records from Consulting Associates to the Chenoweth campaign. The following chart is derived from the records:

| Bill Month | Rent | Receptionist | Supplies | Computers | Mr. Ravenscroft |
|---|---|---|---|---|---|
| **September 1994** | $506.25 (75%)[3] | $782 | $187.50 | $2,400 11/93-10/94 | -- |
| **October** | $506.25 | $782 | $187.50 | -- | -- |

[2] In MUR 4034, complainant Bill Mauk, Chair of the Idaho Democratic Party and the complainant in this matter, alleged that Helen Chenoweth and the Chenoweth for Congress Committee violated FECA by accepting two loans totaling $1,750 from Consulting Associates, Inc. Because that matter involved less significant issues relative to other matters pending before the Commission, a limited amount of money, and because the respondents had undertaken remedial action, the Commission took no action and closed the file effective November 14, 1994.

[3] The percentage within parentheses allegedly is the portion of the Consulting Associates' resources used by the Committee in that month. Apparently, Consulting Associates billed the Chenoweth Committee for a percentage of the amount that the corporation actually paid for the item.

| | | | | | |
|---|---|---|---|---|---|
| **1994** | (75%) | | | | |
| **November 1994** | $600 | $949.55 (90%) | $200 | $200 | $1,208.42 (50%) |
| **December 1994** | $600 | $1,042.02 (90%) | $200 | $200 | $1,537.50 (75%) |
| **January 1995** | $506.25 (75%) | $332 (50%) | $6.75 | $100 | $332 (15%) |

The Chenoweth Respondents state that Consulting Associates had more than enough income to pay Ms. Chenoweth's salary from sources other than the Chenoweth Committee. These sources included prior political clients and current governmental affairs clients. Counsel refers to U.S. House of Representatives financial disclosure statements which had been attached to the amended complaint to list Ms. Chenoweth's income received from Consulting Associates. In 1993 she earned $25,350. In 1994 she earned $33,150, $23,450 prior to May 1, of that year. Counsel contends: "Mr. Mauk alleges that Rep. Chenoweth received a substantial increase in income and thereby creates an illusion Consulting Associates, Inc. had little or no income of its own during 1994, that Rep. Chenoweth was not working during the campaign, and that her private business had come to a complete halt. This is simply not true. Such bald assertions are not supported by the facts."

Counsel then lists all income for 1993 and all income for 1994 . He states: "Ms. Chenoweth continued to work full time well into the year at Consulting Associates, Inc. as a consultant helping with the clients of CA, Inc. Her chief client provided regular retainers to CA, Inc. for Mrs. Chenoweth's work. She managed that client's various efforts to work with the

government on his projects and to manage his attorneys relative to a major lawsuit in question. She traveled quite a bit for this particular client and spent many, many hours during the 1994 campaign working for him. As her own campaign became more tense, she had to draw away from her full-time work in August/September, 1994, and she went into full-time campaigning for the U.S. Congress in September, 1994. Yet, even in September of 1994, she did some work for her client, assisting him in obtaining other consultants and in closing down her work for him." Counsel insists that in the last quarter of 1994 there were no salary payments or bonuses from Consulting Associates to Ms. Chenoweth and there have been none since she assumed office.

According to the response, the two principals of Consulting Associates -- Vern Ravenscroft and Helen Chenoweth -- "were politically involved. The company they started, Consulting Associates, Inc., used their expertise to consult and manage political campaigns, as well as lobbying the state legislature and dealing with governmental officials." Consulting Associates was started in 1979 and began to wind down in January, 1995.[4] Counsel contends it was difficult to gather information for this response because Mr. Ravenscroft lives 100 miles from him and Wayne Crow, the Committee treasurer, has had colon cancer and "has been out of commission" since early December, 1995.

**D. Analysis**

**1. Making of the West One Bank Loans**

According to the regulations, a loan will be deemed to be made in the ordinary course of business if meets four criteria. The 1994 Chenoweth loan met two of the four criteria in that it

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[4] According to counsel, Consulting Associates, Inc. is no longer an operating business and counsel believes that it may have forfeited its corporate status late in 1995 by failing to pay a corporation tax. Dun & Bradstreet states that it was informed by a former corporate officer of Consulting Associates that the corporation was discontinued in the latter part of 1995.

was evidenced by a written instrument -- the promissory note -- and it was subject to a due date of November 23, 1995. However, this loan may not have been made in the ordinary course of business, as it appears that the loan neither met the assurance of repayment criterion nor bore the usual and customary interest rate of the lending institution for the category of loan involved. 11 C.F.R. §§ 100.7(b)(11) and 100.8(b)(12). Although Helen Chenoweth applied for these loans in her own name, she received them as an agent of the Chenoweth Committee pursuant to 11 C.F.R. § 101.2(a).

With respect to the assurance of repayment criterion, the bank did not receive either of the two alternative sources of repayment which automatically satisfy the assurance of repayment criterion as reflected in 11 C.F.R. § 100.7(b)(11)(i) -- it did not have a perfected security interest in collateral, the fair market value of which was greater than or equal to $40,000, and there was no written agreement signed by the candidate or her committee pledging future receipts.[5] Nor does the totality of the circumstances in this situation indicate that the loan was made on a basis which assured repayment. 11 C.F.R. § 100.7(b)(11)(ii).

West One Bank appears to concede that the 1994 loan probably would not meet the assurance of repayment requirement. The bank notes in its response that: "Once it appeared that the loan might not satisfy the 'assurance of repayment' requirement, both the bank and Ms. Chenoweth took steps to rectify the situation." West One Bank Response at 3. The bank acknowledges elsewhere: "As is readily apparent, the loan to Ms. Chenoweth complied with all

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[5] Although Ms. Chenoweth had orally informed West One Bank that she would use campaign fund-raisers to repay a portion of the 1994 loan, this was not a pledge of future receipts required by 11 C.F.R. § 100.7(b)(11)(i)(B) and was not a basis to assure repayment, in particular because the Chenoweth Committee already had significant outstanding debts at the time this loan was made.

of the requirements of 11 C.F.R. § 100.7(b)(11) except, possibly, the requirement that the loan be 'made on a basis which assures repayment', since the loan was unsecured." Id. at 2. Ms. Chenoweth appears to have restructured the loan using home equity after a number of newspaper articles commented unfavorably on this transaction.

Although West One Bank decided that Ms. Chenoweth was a good credit risk -- the loan memorandum recommending approval of the loan noted that Ms. Chenoweth has good repayment ability, good credit, limited debt, and a sure job for two years -- these factors do not satisfy the assurance of repayment criterion. In addition, it is not even clear that the bank memorandum supporting approval of the loan was accurate in stating that Ms. Chenoweth had good credit in 1994. Although the bank did not attach Ms. Chenoweth's credit history to its response, there is no indication that the bank analyzed Ms. Chenoweth's credit history in 1994 or it would have noted that she had missed payments during the election year. In contrast, for the 1995 loan, the bank attached a consumer loan worksheet and checklist. This document noted on the "derogatory or insufficient credit history" section that "slow credit occurred during campaign year. Credit is now current." Although there may have been different requirements for processing the unsecured 1994 loan and the 1995 secured loan, presumably this information would have appeared on a 1994 credit report which was ignored by the bank in its loan recommendation. Furthermore, in making the 1994 loan the bank received absolutely no collateral. Although the promissory note permitted a right of set off such that the bank could attach all funds held in Ms. Chenoweth's name at West One Bank, Ms. Chenoweth apparently

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had no personal accounts in the bank. On her financial statement dated November 23, 1994, Ms. Chenoweth listed her sole cash assets as $6,322 held by the National Guard Credit Union.[6]

Respondents also do not appear to have satisfied the requirement that the loan bear the usual and customary interest rate of the lending institution for the category of loan involved. The 1994 $40,000 unsecured loan was obtained at a variable rate equal to 1.5% over prime, initially at 10%. The 1995 loan was for $30,400 loaned at a fixed rate of 9.67%; in October, 1995 the prime rate was 8.75%. West One Bank did not provide information showing that the rates in effect for the 1994 and 1995 bank loans were the customary interest rates for the time periods during which the two loans were made, but publicly available information obtained concerning the current practices of two banks raises questions as to whether the loans may have been made below market rate.[7]

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[6] Other evidence that the 1994 loan may not satisfy the assurance of repayment criterion arises from the amount of the loan when compared to her net worth.

Two newspaper articles focusing on this transaction, one by the Associated Press and one appearing in the Idaho Statesman, state that the industry "rule of thumb" for unsecured loans is to make a loan equal to no more than 10% of an individual's net worth. An Idaho Statesman article by a reporter who attempted to mimic Ms. Chenoweth by applying for an unsecured loan and got kicked out of West One Bank by its president, notes that "[w]hen I filled out my application with Joyce Brewer, manager of the Statehouse branch, she said the 'general rule' for unsecured loans is 10 percent of a borrower's assets. . . . She also said the 10 percent rule is flexible."

[7] In an effort to determine whether the interest rate was something the Commission should examine, the Office of General Counsel contacted Crestar, a local District of Columbia bank, and West One Bank in Boise, Idaho to find out how a bank's lending rate for personal loans is currently related to the prime rate for both secured and unsecured loans. On February 7, 1996, when the prime lending rate was 8.25%, Crestar would have charged 10.25% interest on a $40,000 secured loan (2% above prime) and would have charged 12.5% interest on a $40,000 unsecured loan (4.25% above prime). There would be no additional loan fees. According to a West One Bank loan officer, for a loan secured with home equity, the rate on a $40,000 loan would be either 9.68% (variable rate) or 10.15% (fixed rate), in addition to a $500 flat loan fee. If the same loan were unsecured the bank would charge 12.13% (variable rate) or 14% (fixed

Recent communications between the Committee and the Commission raise additional questions regarding the 1995 loan. Pursuant to a recent request for additional information from the Reports Analysis Division questioning in part the Chenoweth Committee's failure to submit a C-1 and accompanying loan document relating to the 1995 loan, counsel for the Chenoweth Committee states that West One Bank has "taken a firm position that [the 1995 loan] is a personal loan, as it is secured that it was a personal loan to Helen Chenoweth and not to the Committee." Chenoweth Committee Response to Request for Additional Information (April 23, 1996). Although not yet argued in context of the instant matter, West One Bank may now argue, at least with respect to the 1995 loan, that it did not have to comply with the regulations governing loans made to candidates or their committees because it had only made personal loans to Ms. Chenoweth.

If the loan is made to the candidate and then it is used for campaign purposes, the loan must meet the FECA's requirements governing loans to candidates and committees. Ms. Chenoweth sought the original 1994 loan to pay off debts accrued by her committee and she received the loan as an agent of the Chenoweth Committee pursuant to 11 C.F.R. § 101.2(a). Apparently, in 1995, after a great deal of publicity she and West One Bank decided to restructure the loan so that it would be secured by her personal residence. This restructuring however does not change this loan into a personal loan. The bank's unwillingness to sign a schedule C-1

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rate), in addition to a 1% loan application fee. Thus, both Crestar and West One Bank currently charge at least 2% more for an unsecured loan than for a secured loan and West One Bank currently charges almost 4% over prime for an unsecured adjustable rate loan. Although not determinative of the interest criterion for the 1994 and 1995 loans, it appears that at present an unsecured loan with an interest rate of 1.5% over prime and a secured loan with an interest rate of .92% over prime would not satisfy that criterion.

certifying that the 1995 loan was made in the ordinary course of business substantiates concerns that the loan was not made in the ordinary course of business.[8]

Accordingly there is reason to believe that the Chenoweth for Congress Committee and Wayne Crow, as treasurer, violated 2 U.S.C. § 441b for accepting these contributions.

**2. Reporting Issues**

It appears that there were numerous requirements involving the reporting of both the 1994 and 1995 West One Bank loans with which the Chenoweth Committee failed to comply. The main violation appears to be that for almost 11 months on three separate reports -- the 30 Day Post-General Election Report, the 1994 Year End Report, and the 1995 Mid-Year Report -- the Committee failed to report the 1994 loan as a loan from West One Bank; instead, it stated that Helen Chenoweth was the source of the $40,000 loan. The loan was made on November 23, 1994, and the campaign did not list the bank as the maker of the loan on its Schedule C form until October 20, 1995, almost eleven months after the loan was obtained; this delinquent reporting occurred only after the transaction had received substantial media attention. This is contrary to the Commission's regulations which clearly state that any candidate who obtains any

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[8] There also may have been additional elements of the 1994 loan which indicate that it was not made in the ordinary course of business. Ms. Chenoweth applied for her loan on November 22, 1994, actually signed her application and financial statement on November 23, 1994, and received her loan payment on November 23, 1994. This seems remarkably swift, particularly when the loan memorandum recommending approval of the loan was dated December 2, 1994, even though the bank's response states that this is an internal document frequently prepared after the loan has been issued. West One Bank, Response at 2. In the same conversation the Office of General Counsel had with the West One Bank loan officer on February 7, 1996, the loan officer stated that unsecured loans must be paid off in installments and that the bank does not customarily allow the loan recipient to make a single balloon payment. In this case, interest was paid in quarterly payments and the face value of the loan was paid off at the end of the loan cycle.

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loan in connection with his or her campaign is considered to have obtained such a loan as an agent of his or her authorized committee. 11 C.F.R. § 101.2(a).

Although on February 2, 1995 the campaign did submit a Schedule C-1 form concerning this loan and attached the 1994 promissory note indicating that West One Bank was the lender, even this form was not submitted until almost two months after it was due. Further, a crucial portion of the C-1 stating -- "if neither of the types of collateral described above was pledged for this loan, or if the amount pledged does not equal or exceed the loan amount, state the basis upon which this loan was made and the basis on which it assures repayment" -- was not filled out. Finally, since a committee need only file a C-1 one time and since the Schedule C's on the next two reports continued to identify Ms. Chenoweth as the source of the loan, rather than the bank, the public record contained misleading and inaccurate information even after the C-1 was filed.

The Committee appears to have correctly reported the 1995 Chenoweth loan, but it has failed to submit the Schedule C-1 form with its required documentation and certification for that loan. Indeed, prior to a March 1996 request for additional information on this point from the Reports Analysis Division, the Chenoweth Committee apparently had never attempted to comply with the provisions of 11 C.F.R. § 104.2(d)(1) and submit a completed Schedule C-1. Even if counsel's statement is correct that the West One Bank now contends Ms. Chenoweth's 1995 loan is personal and not campaign related, the Committee still remains in violation of the reporting provision.

The Chenoweth Respondents claim that these reporting violations were all "harmless" mistakes.[9] Although the misstatement of the interest rate and correct loan amount is minor, the

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[9] The Chenoweth Committee apparently has misreported a number of other items in its past reports. The Committee consistently reported the 1994 loan rate as 10.25% when the interest

misreporting of the source of the loan and the absence of collateral is clearly not harmless. Accordingly, there is reason to believe that the Chenoweth for Congress Committee and Wayne Crow, as treasurer, violated 2 U.S.C. § 434(b) and 11 C.F.R. § 104.3.

**3. Consulting Associates Loans**

According to the Chenoweth Committee's 1993 Mid-Year Report, the Committee accepted two loans from Consulting Associates, Inc. -- $1,250 on May 25, 1993 and $500 on June 11, 1993. The Committee repaid the loans on June 30, 1993. The Reports Analysis Division wrote to the Committee and explained that corporate contributions are prohibited under FECA and requested clarification. The treasurer responded: "Yes, we had a loan from a corporation which opened the bank account for the election committee. As soon as the committee got the campaign guide and read it, we realized the monies were prohibited and it was then immediately paid back. I hoped the report openly reflected this information and I regret the error." The making of a loan by a corporation, which is not in the business of making loans, or the acceptance of such a loan is prohibited under the Act. Accordingly, there is reason to believe that the Chenoweth for Congress Committee violated 2 U.S.C. § 441b by accepting $1,750 in contributions from Consulting Associates.

**4. Consulting Associates Expenditures**

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rate, at least initially, was 10.00%. The loan amount actually became $40,400 because of the addition of $400 in extra loan fees which were rolled over into the loan principal, but the campaign reported it as a $40,000 loan. In its 1994 Year End Report, the Chenoweth Committee first reported a debt owed to Consulting Associates of $8,349.11 which was described as "consulting primary;" the Committee made a $2,500 payment on this debt during this reporting period. The Committee apparently failed to timely report this debt since the primary had occurred in May of 1994. Finally, in Schedule D of the 1995 Mid Year and 1995 Year End Reports, the beginning and ending debt balances for the Consulting Associates entries did not match from one report to another. After subsequent amendments in April 1996, these entries still appear to be incorrect.

The Chenoweth Committee may have received other corporate contributions from Consulting Associates stemming from the fact that the campaign used Consulting Associates' facilities. Information received to date indicates that the Committee may not always have paid the proper amount and may not always have paid Consulting Associates within a commercially reasonable time period. The Chenoweth Committee may also have misreported the purposes of some of its transactions with Consulting Associates.

During the course of the 1994 primary and general election campaigns, the Chenoweth Committee made numerous disbursements to Consulting Associates, a firm partially owned by Helen Chenoweth.[10] The Committee reported miscellaneous expenditures which it identified as follows:

| PURPOSE | DATE | AMOUNT |
|---|---|---|
| Office/Equipment Rental | 8/12/94 | $2,255.00 |
| Phone Expense | 9/20/94 | $646.37 |
| Rental | 12/1/94 | $3,157.97 |
| Rental | 12/22/94 | $3,579.52 |
| Travel | 12/29/94 | $2,500.00 |
| **Total:** | | **$12,138.86** |

In addition, the campaign made more than $23,000 in disbursements to Consulting Associates for which the stated purpose was "consulting fees":

| | |
|---|---|
| 9/19/94 | $5,000.00 |
| 10/28/94 | $1,549.50 |
| 11/1/94 | $1,108.48 |
| 11/2/94 | $675.00 |
| 11/4/94 | $1,500.00 |
| 11/16/94 | $1,000.00 |
| 11/23/94 | $3,336.59 |

[10] Ms. Chenoweth owned 49.5% of Consulting Associates and was its secretary-treasurer. Vernon Ravenscroft also owned 49.5% of Consulting Associates and was its president. Bob Robson owned the final 1% of capital stock.

| | |
|---|---|
| 3/13/95 | $2,028.00 |
| 7/18/95 | $1,277.00 |
| 11/30/95 | $500.00 |
| 12/29/95 | $5,349.11 |
| 12/29/95 | $541.81 |
| **Total:** | **$23,865.49** |

Counsel for the Chenoweth Respondents provided copies of monthly bills from Consulting Associates to the Chenoweth Committee which reflected some but not all of the reported disbursements. Those records are summarized as follows:

| | Rent | Receptionist | Supplies | Computers | V. Ravenscroft | Month Total |
|---|---|---|---|---|---|---|
| **September 1994** | $506.25 | $782 | $187.50 | $2,400 | -- | $3,875.75 |
| **October 1994** | $506.25 | $782 | $187.50 | -- | -- | $1,475.75 |
| **November 1994** | $600 | $949.55 | $200 | $200 | $1,208.42 | $3,157.97 |
| **December 1994** | $600 | $1,042.02 | $200 | $200 | $1,537.50 | $3,579.52 |
| **January 1995** | $506.25 | $332 | $6.75 | $100 | $332 | $1,277 |
| **TOTAL** | **$2,718.75** | **$3,887.57** | **$781.75** | **$2,900** | **$3,077.92** | |

**Total, 9/94 - 1/95 = $13,365.99**

Although it is possible to reconcile the amounts of some of the bills with the amounts of some of the reported disbursements, it is more difficult to match the basis listed in the bills for the fees charged with the reported purposes of disbursements. For example, monthly billing records supplied by counsel for the Chenoweth Respondents sometimes include charges for use of Consulting Associates facilities (rent, equipment, and supplies) together with a charge for

partial use of a receptionist and the services of Vernon Ravenscroft, the president of Consulting Associates. This can be seen, for example, in the November 1994 and December 1994 bills.

While the Committee reported two disbursements in December 1994 that matched exactly the amounts of the November and December bills provided by the Chenoweth Respondents, the only purpose the Committee reported for these disbursements was "rental," even though the bills that appear to match include charges for supplies, the computers, and the time of Vernon Ravenscroft and a receptionist. Since disbursements to pay bills which included charges for Mr. Ravenscroft's time were sometimes reported as being for rental, this also raises questions about what may have been the actual purpose of the disbursements reported by the committee only as "consulting fees." In fact, the Chenoweth Respondents add to this confusion by contending that the $2,500 "travel reimbursement" to Consulting Associates as reflected in the 1994 Year End Report was actually "a payment on account at Consulting Associates, Inc. for services and expenses relating to consultation. . . ." Chenoweth Response at 1 (February 12, 1996). The apparent erroneous statements of purpose for these disbursements made by the Committee to Consulting Associates at least appear to be violations of 2 U.S.C. § 434(b)(4).

Since respondents have not provided us with all the bills, it is also unclear the extent to which Consulting Associates was reimbursed at the proper rate and within the proper time period. Indeed, given the questions about the accuracy of the reported purposes of the Chenoweth Committee's disbursements, it is not even clear whether these transactions are reflective of the Committee's use of corporate facilities pursuant to section 114.9(d) of the regulations, reflective of a consulting relationship pursuant to section 116.3, or both.[11] The

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[11] In addition, in instances when Ms. Chenoweth as a stockholder in Consulting Associates personally made more than occasional, isolated, or incidental use of Consulting Associates'

information provided by the Chenoweth Respondents and the Chenoweth Committee's reports raises these questions and warrants further investigation on whether the Committee used Consulting Associates' facilities or purchased consulting services.

Even the limited evidence received to date appears to indicate instances in which, under any measure, the Committee did not reimburse Consulting Associates on a timely basis. For instance, the September 1994 bill contains a charge of $2,400 for "Rent two computers for one year. Nov. 1993 thru Oct. 1994." Similarly, the January 1995 bill for $1,277 was not paid until July 18, 1995 (the disbursement is listed as a consulting fee). Moreover, debts owed to Consulting Associates reflected in the 1994 Year End report were not paid off until December 29, 1994 -- at least one year after they were accrued.

Two other charges for which the Committee was billed or disbursed funds -- receptionist services and travel -- also appear to evidence violations of 2 U.S.C. § 441b unless Consulting Associates regularly extended credit for those services. The monthly reports provided by counsel show $3,887.57 in bills for a receptionist between September, 1994 and January, 1995. A statement from the reception included by counsel, dated October 12, 1994, notes: "I have examined my work schedule and for the month of September find that I spent approximately 80% of my total work hours on campaign related efforts. For our records we certainly can justify at least a 75% charge to the campaign: 132 hours @ $5.50 an hour for a total of $726.00." 11 C.F.R. § 114.9 "applies only to the use of corporate facilities and does not include the use of the paid services of corporate employees. Therefore, this section cannot be read as supporting or authorizing . . . reimbursement . . . regarding the compensation paid to . . . employees for the

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facilities, she was required to personally reimburse Consulting Associates within a commercially reasonable time for the normal and usual rental charge. 11 C.F.R. § 114.9(a)(2).

political services rendered to Federal candidates." Advisory Opinion 1984-24.[12] The Committee also disbursed $2,500 to Consulting Associates for "travel." In the absence of evidence that Consulting Associates extended credit for, or even provided, receptionist services or travel services to its customers in the ordinary course of its business, the provisions of 11 C.F.R. § 116.3 would not apply. As there is no evidence of advance payment by the campaign, Consulting Associates' payments of the receptionist's salary and travel expenses appear to have constituted advances and thus may have been corporate contributions totaling $6,387.57, in violation of 2 U.S.C. § 441b.

This conflicting information relating to the Chenoweth Committee's use of Consulting Associate's facilities and consulting services provides additional bases for reason to believe findings of 434 and 441b against the Committee. The evidence appears to show that the Chenoweth Committee may not always have paid the proper amount and may not always have paid Consulting Associates within a commercially reasonable time period. Furthermore, the Chenoweth Committee may have misreported the purposes of some of its transactions with Consulting Associates.

[12] Under new regulations to appear at 11 C.F.R. § 114.2(f), a corporation which is not in the business of providing secretarial services may provide such services to a campaign to assist in fund-raising without violating 2 U.S.C. § 441b, if the campaign pays in advance for the fair market value of the services.

**FEDERAL ELECTION COMMISSION**

**FACTUAL AND LEGAL ANALYSIS**

**MUR 4283**

**MUR 4402**

**RESPONDENT: Helen Chenoweth**

This matter was generated by a complaint filed with the Federal Election Commission ("Commission") on November 21, 1995. See 2 U.S.C. § 437g(a)(1). William L. Mauk, Chair of the Idaho Democratic Party ("Complainant") alleged that Helen Chenoweth and her campaign committee, Chenoweth for Congress Committee and Wayne Crow, as treasurer, ("Chenoweth Committee" or "Committee") and West One Bank violated provisions of the Federal Election Campaign Act of 1971, as amended, ("Act" or "FECA"). Respondents Helen Chenoweth and the Chenoweth Committee (collectively, "Chenoweth Respondents") were notified of the complaint on November 29, 1995 and responded to the complaint on December 15, 1995. On January 16, 1996, the Commission received an amended complaint in MUR 4283 addressing additional violations of the Act. The Chenoweth Respondents were notified of the amendment to the complaint on January 23, 1996 and responded on February 12, 1996.

## II. FACTUAL AND LEGAL ANALYSIS

### A. Law

It is unlawful for any corporation to make a contribution or expenditure in connection with a federal election, or for any candidate or political committee to knowingly accept any prohibited contribution. 2 U.S.C. § 441b(a). A contribution or expenditure includes any direct or indirect payment, distribution, loan, advance, deposit, or gift of money or any services, or anything of value. 2 U.S.C. § 441b(b)(2).

Pursuant to 2 U.S.C. §§ 431(8)(B)(vii) and 441b(b)(2), and 11 C.F.R. §§ 100.7(b)(11) and 100.8(b)(12), a loan by a bank is not a contribution if such loan is made in accordance with applicable banking laws and regulations and is made in the ordinary course of business. A loan will be deemed to be made in the ordinary course of business if it meets four criteria: 1) the loan bears the usual and customary interest rate of the lending institution for the category of loan involved; 2) the loan is made on a basis which assures repayment; 3) the loan is evidenced by a written instrument; and 4) the loan is subject to a due date or amortization schedule.

2 U.S.C. § 431(8)(B)(vii) and 11 C.F.R. § 100.7(b)(11).

A loan will be considered to have been made on a basis which assures repayment if it is obtained using one of two sources of repayment or a combination of both. The first possible source of repayment is if the lending institution has perfected a security interest in collateral owned by the candidate or political committee receiving the loan, and the fair market value of such collateral, less any liens, is equal to or greater than the loan amount. The second possible source of repayment is if the candidate or political committee provides the bank with a written agreement pledging future receipts such as public financing, contributions, or interest income, the amount of which is equal to the loan. 11 C.F.R. § 100.7(b)(11)(i). If these criteria are not met, the Commission will consider the totality of the circumstances on a case-by-case basis in determining whether a loan was made on a basis which assures repayment.

11 C.F.R. § 100.7(b)(11)(ii).

Pursuant to 11 C.F.R. § 101.2(a), any candidate who obtains any loan in connection with his or her campaign shall be considered as having obtained such a loan as an agent of his or her authorized committee.

**B. Complaint**

Complainant William L. Mauk, Chair of the Idaho Democratic Party, filed a complaint with the Commission on November 21, 1995. He alleges that Helen Chenoweth, the Chenoweth for Congress Committee and Wayne Crow, as treasurer, and West One Bank violated FECA by receiving or making an "illegal" bank loan. Complainant alleges that Helen Chenoweth received a bank loan of $40,400 from West One Bank, which was made without collateral or other security and thus did not meet the Act's requirement that it be "made on a basis which assures repayment." Complainant further alleges that the loan initially was reported on Committee reports as a personal loan from Helen Chenoweth to her campaign committee and not as a bank loan from West One Bank and originally was reported as bearing an interest rate of ten and one-quarter percent. This information in the initial complaint was also separately ascertained by the Commission in the normal course of carrying out its supervisory responsibilities.

On January 16, 1996, Complainant amended his complaint alleging that during the 1993-1994 election cycle, Congresswoman Chenoweth and her campaign committee were engaged in a series of transactions with Consulting Associates, Inc. ("Consulting Associates") involving corporate contributions and the conversion of campaign funds to the candidate's personal use. Complainant enclosed FEC reports filed by the Chenoweth for Congress Committee recording a $1,750 loan by Consulting Associates to candidate Chenoweth which was later repaid with campaign funds. Complainant also included a copy of a FEC report containing a $2,500 disbursement to Consulting Associates labeled "travel disbursement." Consulting Associates is an Idaho corporation and Helen Chenoweth is a principal owner, officer, and employee of this corporation. During the 1993-94 campaign, expenditures by the Chenoweth Committee to

Consulting Associates totaled over $35,000 and included payments for rental, phone expenses, office/equipment rental and consulting fees. During this period, "the candidate was the secretary and treasurer of the corporation and relied upon its consulting and other services as her principal, if not exclusive, source of income." Supplemental Complaint at 2 (January 16, 1996).

According to Complainant, during vigorous 1994 primary and general election campaigns, "Public appearances and reliable information from close observers are that these campaigns were virtually full-time commitments by the candidate. Despite this, surprisingly, the House Financial Disclosure Statements reflect that Ms. Chenoweth's salary from Consulting Associates increased during her 1994 campaign, as compared to the prior, non-election year." Complainant notes the Committee first declared a $8,349.11 debt to Consulting Associates in its 1994 year-end report but that this debt is labeled "consulting primary." Complainant concludes by stating: "All indications from the available public records are that Ms. Chenoweth was paying herself directly or indirectly for 'consulting' services to her own campaign. By funneling money from her campaign through Consulting Associates, Inc., it appears that Ms. Chenoweth was able to launder political contributions for her personal gain."

C. **Response**

Helen Chenoweth and the Chenoweth Committee responded to the initial complaint on December 15, 1995. Counsel contends that the 1994 West One Bank loan "was not a contribution within the meaning of the FEC laws, as it was done in the normal course of the bank's business based upon Ms. Chenoweth's creditworthiness, her assets that far exceeded the obligations involved, and her long term relationship with the bank, and that the loan was in accordance with all applicable laws." Chenoweth Response at 1 (December 15, 1995).

According to this response, the listing of the loan at $40,000 instead of $40,400 (a base loan of $40,000 and $400 in transactional fees) on FEC forms was "inadvertent." The Committee also states that the loan's initial interest rate was 10%, which was the usual and customary interest rate for the loan. The Committee originally reported the loan as coming from Ms. Chenoweth; however, in January, 1995, the Committee treasurer obtained a statement from the West One Bank loan officer, provided the statement to the FEC, and disclosed details of the loan. "The record clearly shows that there was never any attempt to falsify or 'hide' the loan, and any errors made in reporting the loan were harmless mistakes based on a plain reading of the relevant guidelines."

The Chenoweth Respondents state that Ms. Chenoweth had banked with West One Bank and its predecessor-in-interest (Idaho First National Bank) for twenty years, and she had received financing for various projects from the bank. "Her ability to obtain a loan of $40,000.00 was nothing new with West One Bank." The Chenoweth Respondents insist that Ms. Chenoweth's assets "far exceeded what she owed on such a loan," noting that she only owed $30,000 on her home which was assessed at $72,000 and is presently valued at $91,000. Ms. Chenoweth contends that she met her interest obligations in 1995 and the loan was paid off by refinancing and securing the new loan with a second mortgage on her residence. Respondents note "that in response to concerns raised in the news media regarding the loan, Mrs. Chenoweth promptly went the extra mile by securing the loan with a second mortgage on her residence." "Prior to becoming a candidate for Congress, it was not unusual for Ms. Chenoweth to sign a personal guarantee in the form of a promissory note for a loan, credit line, or credit card on behalf of the corporation she worked for and whom she was the secretary-treasurer."

Counsel states that, although in news reports Ms. Chenoweth was quoted as saying her campaign was in touch with lawyers, in fact this was a misstatement and the Committee had received advice from the National Republican Congressional Committee. Counsel also states that he posed questions to a "non-lawyer on the FEC staff . . . regarding the same scenario involving the loan in question, and the response was that a loan involving only a promissory note was completely legal as long as it was in the normal course of business of the bank and bore the customary interest rate."

On February 12, 1996, counsel for Ms. Chenoweth and the Chenoweth Committee responded to the amended complaint. Counsel initially notes that the issue of the Chenoweth Committee's acceptance of loans from Consulting Associates was previously "asked and answered" in MUR 4034.[1] The Chenoweth Respondents contend that the $2,500 "travel reimbursement" to Consulting Associates was "a payment on account at Consulting Associates, Inc. for services and expenses relating to consultation. . . ." Chenoweth Response at 1 (February 12, 1996). Counsel denies that Ms. Chenoweth used corporate resources to circumvent campaign finance laws and states that payments by the campaign to Consulting Associates were not converted to Ms. Chenoweth's personal use.

Counsel included monthly billing records from Consulting Associates to the Chenoweth campaign. The following chart is derived from the records:

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[1] In MUR 4034, complainant Bill Mauk, Chair of the Idaho Democratic Party and the complainant in this matter, alleged that Helen Chenoweth and the Chenoweth for Congress Committee violated FECA by accepting two loans totaling $1,750 from Consulting Associates, Inc. Because that matter involved less significant issues relative to other matters pending before the Commission, a limited amount of money, and because the respondents had undertaken remedial action, the Commission took no action and closed the file effective November 14, 1994.

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| Bill Month | Rent | Receptionist | Supplies | Computers | Mr. Ravenscroft |
|---|---|---|---|---|---|
| September 1994 | $506.25 (75%)[2] | $782 | $187.50 | $2,400 11/93-10/94 | -- |
| October 1994 | $506.25 (75%) | $782 | $187.50 | -- | -- |
| November 1994 | $600 | $949.55 (90%) | $200 | $200 | $1,208.42 (50%) |
| December 1994 | $600 | $1,042.02 (90%) | $200 | $200 | $1,537.50 (75%) |
| January 1995 | $506.25 (75%) | $332 (50%) | $6.75 | $100 | $332 (15%) |

The Chenoweth Respondents state that Consulting Associates had more than enough income to pay Ms. Chenoweth's salary from sources other than the Chenoweth Committee. These sources included prior political clients and current governmental affairs clients. Counsel refers to U.S. House of Representatives financial disclosure statements which had been attached to the amended complaint to list Ms. Chenoweth's income received from Consulting Associates. In 1993 she earned $25,350. In 1994 she earned $33,150, $23,450 prior to May 1, of that year. Counsel contends: "Mr. Mauk alleges that Rep. Chenoweth received a substantial increase in income and thereby creates an illusion Consulting Associates, Inc. had little or no income of its own during 1994, that Rep. Chenoweth was not working during the campaign, and that her

[2] The percentage within parentheses allegedly is the portion of the Consulting Associates' resources used by the Committee in that month. Apparently, Consulting Associates billed the Chenoweth Committee for a percentage of the amount that the corporation actually paid for the item.

private business had come to a complete halt. This is simply not true. Such bald assertions are not supported by the facts."

Counsel then lists all income for 1993 and all income for 1994. He states:

> Ms. Chenoweth continued to work full time well into the year at Consulting Associates, Inc. as a consultant helping with the clients of CA, Inc. Her chief client provided regular retainers to CA, Inc. for Mrs. Chenoweth's work. She managed that client's various efforts to work with the government on his projects and to manage his attorneys relative to a major lawsuit in question. She traveled quite a bit for this particular client and spent many, many hours during the 1994 campaign working for him. As her own campaign became more tense, she had to draw away from her full-time work in August/September, 1994, and she went into full-time campaigning for the U.S. Congress in September, 1994. Yet, even in September of 1994, she did some work for her client, assisting him in obtaining other consultants and in closing down her work for him.

Counsel insists that in the last quarter of 1994 there were no salary payments or bonuses from Consulting Associates to Ms. Chenoweth and there have been none since she assumed office.

According to the response, the two principals of Consulting Associates -- Vern Ravenscroft and Helen Chenoweth -- "were politically involved. The company they started, Consulting Associates, Inc., used their expertise to consult and manage political campaigns, as well as lobbying the state legislature and dealing with governmental officials." Consulting Associates was started in 1979 and began to wind down in January, 1995.[3] Counsel contends it was difficult to gather information for this response because Mr. Ravenscroft lives 100 miles

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[3] According to counsel, Consulting Associates, Inc. is no longer an operating business and counsel believes that it may have forfeited its corporate status late in 1995 by failing to pay a corporation tax. Dun & Bradstreet states that it was informed by a former corporate officer of Consulting Associates that the corporation was discontinued in the latter part of 1995.

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from him and Wayne Crow, the Committee treasurer, has had colon cancer and "has been out of commission" since early December, 1995.

D. Analysis

1. West One Bank Loans

According to the regulations, a loan will be deemed to be made in the ordinary course of business if meets four criteria. The 1994 Chenoweth loan met two of the four criteria in that it was evidenced by a written instrument -- the promissory note -- and it was subject to a due date of November 23, 1995. However, this loan may not have made in the ordinary course of business, as it appears that the loan neither met the assurance of repayment criterion nor bore the usual and customary interest rate of the lending institution for the category of loan involved. 11 C.F.R. §§ 100.7(b)(11) and 100.8(b)(12). Although Helen Chenoweth applied for these loans in her own name, she received them as an agent of the Chenoweth Committee pursuant to 11 C.F.R. § 101.2(a).

With respect to the assurance of repayment criterion, the bank did not receive either of the two alternative sources of repayment which automatically satisfy the assurance of repayment criterion as reflected in 11 C.F.R. § 100.7(b)(11)(i) -- it did not have a perfected security interest in collateral, the fair market value of which was greater than or equal to $40,000, and there was no written agreement signed by the candidate or her committee pledging future receipts.[4] Nor

[4] Although Ms. Chenoweth had orally informed West One Bank that she would use campaign fund-raisers to repay a portion of the 1994 loan, this was not a pledge of future receipts required by 11 C.F.R. § 100.7(b)(11)(i)(B) and was not a basis to assure repayment, in particular because the Chenoweth Committee already had significant outstanding debts at the time this loan was made.

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does the totality of the circumstances in this situation indicate that the loan was made on a basis which assured repayment. 11 C.F.R. § 100.7(b)(11)(ii).

West One Bank appears to concede that the 1994 loan probably would not meet the assurance of repayment requirement. The bank notes in its response that: "Once it appeared that the loan might not satisfy the 'assurance of repayment' requirement, both the bank and Ms. Chenoweth took steps to rectify the situation." West One Bank Response at 3. The bank acknowledges elsewhere: "As is readily apparent, the loan to Ms. Chenoweth complied with all of the requirements of 11 C.F.R. § 100.7(b)(11) except, possibly, the requirement that the loan be 'made on a basis which assures repayment', since the loan was unsecured." Id. at 2. Ms. Chenoweth appears to have restructured the loan using home equity after a number of newspaper articles commented unfavorably on this transaction.

Although West One Bank decided that Ms. Chenoweth was a good credit risk -- the loan memorandum recommending approval of the loan noted that Ms. Chenoweth has good repayment ability, good credit, limited debt, and a sure job for two years -- these factors do not satisfy the assurance of repayment criterion. In addition, it is not even clear that the bank memorandum supporting approval of the loan was accurate in stating that Ms. Chenoweth had good credit in 1994. Although the bank did not attach Ms. Chenoweth's credit history to its response, there is no indication that the bank analyzed Ms. Chenoweth's credit history in 1994 or it would have noted that she had missed payments during the election year. In contrast, for the 1995 loan, the bank attached a consumer loan worksheet and checklist. This document noted on the "derogatory or insufficient credit history" section that "slow credit occurred during campaign year. Credit is now current." Although there may have been different requirements for

processing the unsecured 1994 loan and the 1995 secured loan, presumably this information would have appeared on a 1994 credit report which was ignored by the bank in its loan recommendation. Furthermore, in making the 1994 loan the bank received absolutely no collateral. Although the promissory note permitted a right of set off such that the bank could attach all funds held in Ms. Chenoweth's name at West One Bank, Ms. Chenoweth apparently had no personal accounts in the bank. On her financial statement dated November 23, 1994, Ms. Chenoweth listed her sole cash assets as $6,322 held by the National Guard Credit Union.[5]

Respondents also do not appear to have satisfied the requirement that the loan bear the usual and customary interest rate of the lending institution for the category of loan involved. The 1994 $40,000 unsecured loan was obtained at a variable rate equal to 1.5% over prime, initially at 10%. The 1995 loan was for $30,400 loaned at a fixed rate of 9.67%; in October, 1995 the prime rate was 8.75%. West One Bank did not provide information showing that the rates in effect for the 1994 and 1995 bank loans were the customary interest rates for the time periods during which the two loans were made, but publicly available information obtained concerning

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[5] Other evidence that the 1994 loan may not satisfy the assurance of repayment criterion arises from the amount of the loan when compared to her net worth.

Two newspaper articles focusing on this transaction, one by the Associated Press and one appearing in the Idaho Statesman, state that the industry "rule of thumb" for unsecured loans is to make a loan equal to no more than 10% of an individual's net worth. An Idaho Statesman article by a reporter who attempted to mimic Ms. Chenoweth by applying for an unsecured loan and got kicked out of West One Bank by its president, notes that "[w]hen I filled out my application with Joyce Brewer, manager of the Statehouse branch, she said the 'general rule' for unsecured loans is 10 percent of a borrower's assets. . . . She also said the 10 percent rule is flexible."

the current practices of two banks raises questions as to whether the loans may have been made below market rate.[6]

Recent communications between the Committee and the Commission raise additional questions regarding the 1995 loan. Pursuant to a recent request for additional information from the Reports Analysis Division questioning in part the Chenoweth Committee's failure to submit a C-1 and accompanying loan document relating to the 1995 loan, counsel for the Chenoweth Committee states that West One Bank has "taken a firm position that [the 1995 loan] is a personal loan, as it is secured that it was a personal loan to Helen Chenoweth and not to the Committee." Chenoweth Committee Response to Request for Additional Information (April 23, 1996). Although not yet argued in context of the instant matter, West One Bank may now argue, at least with respect to the 1995 loan, that it did not have to comply with the regulations governing loans made to candidates or their committees because it had only made personal loans to Ms. Chenoweth.

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[6] In an effort to determine whether the interest rate was something the Commission should examine, the Office of General Counsel contacted Crestar, a local District of Columbia bank, and West One Bank in Boise, Idaho to find out how a bank's lending rate for personal loans is currently related to the prime rate for both secured and unsecured loans. On February 7, 1996, when the prime lending rate was 8.25%, Crestar would have charged 10.25% interest on a $40,000 secured loan (2% above prime) and would have charged 12.5% interest on a $40,000 unsecured loan (4.25% above prime). There would be no additional loan fees. According to a West One Bank loan officer, for a loan secured with home equity, the rate on a $40,000 loan would be either 9.68% (variable rate) or 10.15% (fixed rate), in addition to a $500 flat loan fee. If the same loan were unsecured the bank would charge 12.13% (variable rate) or 14% (fixed rate), in addition to a 1% loan application fee. Thus, both Crestar and West One Bank currently charge at least 2% more for an unsecured loan than for a secured loan and West One Bank currently charges almost 4% over prime for an unsecured adjustable rate loan. Although not determinative of the interest criterion for the 1994 and 1995 loans, it appears that at present an unsecured loan with an interest rate of 1.5% over prime and a secured loan with an interest rate of .92% over prime would not satisfy that criterion.

If the loan is made to the candidate and then it is used for campaign purposes, the loan must meet the FECA's requirements governing loans to candidates and committees. Ms. Chenoweth sought the original 1994 loan to pay off debts accrued by her committee and she received the loan as an agent of the Chenoweth Committee pursuant to 11 C.F.R. § 101.2(a). Apparently, in 1995, after a great deal of publicity she and West One Bank decided to restructure the loan so that it would be secured by her personal residence. This restructuring however does not change this loan into a personal loan. The bank's unwillingness to sign a schedule C-1 certifying that the 1995 loan was made in the ordinary course of business substantiates concerns that the loan was not made in the ordinary course of business.[7]

Because it is clear that the candidate personally applied for and received the loans, and presumably negotiated their favorable terms, there is reason to believe that Helen Chenoweth violated 2 U.S.C. § 441b for accepting these contributions in her personal capacity as a candidate.

[7] There also may have been additional elements of the 1994 loan which indicate that it was not made in the ordinary course of business. Ms. Chenoweth applied for her loan on November 22, 1994, actually signed her application and financial statement on November 23, 1994, and received her loan payment on November 23, 1994. This seems remarkably swift, particularly when the loan memorandum recommending approval of the loan was dated December 2, 1994, even though the bank's response states that this is an internal document frequently prepared after the loan has been issued. West One Bank, Response at 2. In the same conversation the Office of General Counsel had with the West One Bank loan officer on February 7, 1996, the loan officer stated that unsecured loans must be paid off in installments and that the bank does not customarily allow the loan recipient to make a single balloon payment. In this case, interest was paid in quarterly payments and the face value of the loan was paid off at the end of the loan cycle.

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OF COUNSEL
J. COLEMAN BEAN
KENT MASTERSON BROWN
CHARLES E. CHAMBERLAIN

July 9, 1996

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
JUL 9 3 12 PM '96

Lawrence M. Noble, Esquire
General Counsel
**FEDERAL ELECTION COMMISSION**
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 4283
MUR 4402
West One Bank

Dear Mr. Noble,

Please find enclosed the original and two copies of West One Bank's Motion to Quash and/or Modify Subpoena in the above-referenced MURs.

We have been negotiating with Stephan Kline in an attempt to narrow the scope of certain interrogatories and will continue those efforts. I am confident that Mr. Kline will advise you if we are unable to reach an agreement as to how West One Bank will respond to those interrogatories.

In the meantime, the bank is collecting the information sought in the other interrogatories and anticipates filing timely responses to those interrogatories.

Sincerely,

Frank M. Northam

Frank M. Northam

FMN/jc
Enclosures
cc: Stephan Kline, Esquire
John Ward, Esquire

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## BEFORE THE FEDERAL ELECTION COMMISSION

| | | |
|---|---|---|
| In the Matter of | ) | MUR 4283 |
| | ) | MUR 4402 |
| | ) | |

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
Jul 9 3 13 PM '96

## MOTION TO QUASH AND/OR MODIFY SUBPOENA

West One Bank, by counsel, pursuant to FEC Reg. § 111.15, moves to quash and/or modify the Subpoena to Produce Documents/Order to Submit Written Answers which was received by its counsel on July 2, 1996. The reasons for this motion are set forth below.

In the Interrogatories and Requests for Documents labeled "No RFPA Information", Interrogatories 4, 5, and 8 call for the retrieval and preparation of vast amounts of information, much of which would be irrelevant to the Commission's investigation. It would be unduly burdensome and oppressive for the Commission to require the bank to produce this information.

Interrogatory 4 seeks detailed information as to each personal loan, that was unsecured or secured only by a promissory note, made by West One Bank during 1994 and 1995. Interrogatory 5 seeks similarly detailed information concerning each secured personal loan issued by West One Bank in 1994 and 1995.

West One Bank estimates that, were it to respond to these interrogatories, the bank would have to review and collect information on approximately 40,000 loans. Additionally, the bank's information processing system is not set up in such a manner as to produce all of the information sought by the Commission; therefore, some of the information would have to be retrieved manually.

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Interrogatory 8 seeks information as to the repayment of unsecured loans through installment or balloon payments. That information can be provided. However, interrogatory 8 also seeks a breakdown for the years 1994 to 1996 showing how many unsecured loans were repaid in installments and how many were repaid with a balloon payment. As with interrogatories 4 and 5, this would require the review of thousands of loans, entailing a great amount of time, manpower, and expense.

Because of the undue burden and expense which would be imposed upon West One Bank were it required to respond to Interrogatories 4, 5 and 8 and because much of the information sought by those interrogatories is irrelevant to the Commission's investigation, the subpoena in regard to those interrogatories should be quashed or those interrogatories should be modified so as to reduce the burden and expense imposed on West One Bank in providing relevant information to the Commission.

Respectfully submitted,

Arthur L. Herold

Frank M. Northam
Webster, Chamberlain & Bean
1747 Pennsylvania Avenue, N.W.
Suite 1000
Washington, D.C. 20006
(202)785-9500

Counsel for West One Bank

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

**VIA FACSIMILE AND CERTIFIED MAIL**
**RETURN RECEIPT REQUESTED**

July 18, 1996

Arthur L. Herold
Frank M. Northam
Webster, Chamberlain & Bean
1747 Pennsylvania Avenue, N.W.
Suite 1000
Washington, D.C. 20006

RE: MUR 4283
MUR 4402
West One Bank

Dear Mr. Herold and Mr. Northam:

Enclosed is a Certificate of Compliance with the Right to Financial Privacy Act of 1978, issued in connection with the Subpoena and Order sent to your financial institution on June 28, 1996, seeking the financial records of Helen P. Chenoweth.

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

Sincerely,

Stephan O. Kline
Attorney

Enclosure
Certificate

Celebrating the Commission's 20th Anniversary
YESTERDAY, TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

**CERTIFICATION OF COMPLIANCE WITH THE RIGHT TO FINANCIAL PRIVACY ACT**

TO: Arthur L. Herold
Frank M. Northam
Webster, Chamberlain & Bean
1747 Pennsylvania Avenue, N.W.
Suite 1000
Washington, D.C. 20006

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

RE: MUR 4283
MUR 4402
West One Bank

I hereby certify, pursuant to Section 1103(b) of the Right to Financial Privacy Act of 1978, 12 U.S.C. § 3403(b), that the provisions of the Act have been complied with as to the Subpoena to Produce Documents and Order to Submit Written Answers forwarded to you in the above-captioned matter, responses to which are being ordered pursuant to 12 U.S.C. §§ 3402 and 3405.

Sincerely,

Stephan O. Kline

7/18/96
Date

Stephan O. Kline
Attorney

Celebrating the Commission's 20th Anniversary
YESTERDAY, TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

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FEDERAL ELECTION
COMMISSION
SECRETARIAT

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

**SENSITIVE**

**MEMORANDUM**

July 11, 1996

JUL 16 1996

**EXECUTIVE SESSION**
**SUBMITTED LATE**

TO: The Commission

FROM: Lois G. Lerner
Associate General Counsel

SUBJECT: Request to Suspend the Rules with regard to the General Counsel's Report in MUR 4283 and MUR 4402

The Attached General Counsel's Report contains recommendations regarding disposition of West One Bank's Motion to Quash. In order to expedite discovery and to ensure that Respondents have an answer from the Commission well before their August 1, 1996 deadline, the Office of General Counsel requests that this Report be placed on the July 16, 1996, Executive Session Agenda.

Attachment
General Counsel's Report with Attachments

Attorney assigned: Stephan O. Kline

9804780204

**BEFORE THE FEDERAL ELECTION COMMISSION**

| | | |
|---|---|---|
| **In the Matter of** | ) | |
| | ) | **MUR 4283** |
| **West One Bank** | ) | **MUR 4402** |
| | ) | |

**GENERAL COUNSEL'S REPORT**

## I. BACKGROUND

On June 25, 1996, the Federal Election Commission ("Commission") found reason to believe that Helen Chenoweth; Chenoweth for Congress Committee and Wayne Crow, as treasurer; Consulting Associates, Inc; and West One Bank ("Respondents") violated various provisions of the Federal Election Campaign Act of 1971, as amended, ("Act" or "FECA"). The Commission specifically found reason to believe that West One Bank violated 2 U.S.C. § 441b through two loans to Helen Chenoweth which were possibly not made in the ordinary course of its business. On the same date the Commission also approved Subpoenas for the Production of Documents and Orders for Answers to Interrogatories to be sent to all Respondents.

On July 9, 1996, West One Bank filed a Motion to Quash and/or Modify Subpoena pertaining to three interrogatories. Attachment 1. This report recommends that the Commission deny West One Bank's Motion to Quash.

## II. ANALYSIS

West One Bank seeks to quash or limit Interrogatories 4, 5, and 8 in the Subpoena to Produce Documents and Order to Submit Written Answers addressed to West One Bank. See

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Attachment 2. These interrogatories seek information pertaining to secured and unsecured loans made by West One Bank in 1994 and 1995. According to the Motion, these interrogatories:

> call for the retrieval and preparation of vast amounts of information, much of which would be irrelevant to the Commission's investigation. It would be unduly burdensome and oppressive for the Commission to require the Bank to produce this information. . . . West One Bank estimates that, were it to respond to these interrogatories the Bank would have to review and collect information on approximately 40,000 loans. Additionally, the Bank's information processing system is not set up in such a manner as to produce all of the information sought by the Commission; therefore, some of the information would have to be retrieved manually.

Attachment 1 at 1. West One Bank is incorrect in its assertion that the information sought in these interrogatories is irrelevant. The information pertaining to the unsecured loan, the balloon payment issue, and interest rates for fixed rate secured loans is directly relevant and necessary in making the determination whether the loans to Helen Chenoweth were made in the ordinary course of business. For this reason, this Office recommends that the Commission make no formal changes to the subpoena.

At the same time, in recognition of the burden this request appears to place on the Bank, this Office is attempting to work out an informal solution with West One Bank, but at this point, this Office has not reached a preliminary agreement with the Bank. This Office recognizes that providing information relating to 40,000 loans could be burdensome to West One Bank, and may be far more extensive than the Commission may need for its investigation. In an effort to be accommodating, this Office has informed the Bank that, at least at the initial stage, this Office would be willing to accept less information and not recommend subpoena enforcement if this Office and the Bank could agree on a smaller universe of information that would enable the

Commission to make the determination whether Congresswoman Chenoweth's 1994 and 1995 loans were made in the ordinary course of business.

As a starting point, this Office is prepared to suggest that West One Bank provide the information sought in Interrogatories 4 and 8 for whatever period of time would provide information about 100 unsecured personal loans on either side of the time period when West One Bank made its 1994 loan to Helen Chenoweth. West One Bank would also provide the information sought in Interrogatory 5 for 100 fixed rate secured personal loans over whatever the appropriate time period would be on either side of the time period when West One Bank made its 1995 loan to Congresswoman Chenoweth.[1] If this information does not appear to be sufficient, this Office would then plan to increase gradually the number of loans for which information is sought.[2]

Accordingly, this Office recommends that the Commission deny West One Bank's Motion to Quash and/or Modify Subpoena.

---

[1] Counsel for West One Bank has informed this Office that the Bank has no problems turning over the general policy information sought in Interrogatory 8 pertaining to balloon payments for unsecured loans. This Office will still require this general information and will also request daily loan specification sheets which were distributed to loan officers during the relevant time periods in 1994 and 1995 and policy statements dictating the amount of authority that loan officers have in deviating from the terms listed on the loan specification sheets for unsecured personal loans and fixed rate personal loans secured with a second mortgage on real property.

[2] If necessary, this Office would also provide West One Bank with a reasonable extension of time relating to these specific interrogatories.

## III. RECOMMENDATIONS

1. Deny West One Bank's Motion to Quash and/or Modify Subpoena.

2. Approve the appropriate letter.

Lawrence M. Noble
General Counsel

7/11/96
Date

BY: _____
Lois G. Lerner
Associate General Counsel

Attachments

1. West One Bank Motion to Quash and/or Modify Subpoena
2. Original West One Bank Subpoena

Attorney assigned: Stephan O. Kline

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BEFORE THE FEDERAL ELECTION COMMISSION

| | | |
|---|---|---|
| In the Matter of | ) | |
| | ) | MUR 4283 and |
| West One Bank | ) | MUR 4402 |

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on July 16, 1996, do hereby certify that the Commission decided by a vote of 4-0 to take the following actions with respect to MUR 4283 and MUR 4402:

1. Deny West One Bank's Motion to Quash and/or Modify Subpoena.

2. Approve the appropriate letter as recommended in the General Counsel's July 11, 1996 report.

Commissioners Aikens, Elliott, McDonald, and McGarry voted affirmatively for the decision; Commissioner Thomas was not present.

Attest:

7-16-96
Date

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

9804386029

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

**VIA FACSIMILE AND FIRST CLASS MAIL** July 19, 1996

Arthur L. Herold
Frank M. Northam
Webster, Chamberlain & Bean
1747 Pennsylvania Avenue, N.W.
Suite 1000
Washington, D.C. 20006

RE: MUR 4283
MUR 4402
West One Bank

Dear Mr. Herold and Mr. Northam:

This letter is to confirm the Federal Election Commission's July 9, 1996 receipt of West One Bank's Motion to Quash and/or Modify Subpoena, relating to Interrogatories 4, 5, and 8 in the "No RFPA Information" Subpoena in the above-referenced matters. The Commission reviewed and denied the motion on July 16.

Although the Commission has denied your motion, this Office remains willing to work with you to arrange an informal and less burdensome solution which still provides the Commission with sufficient loan information. As you know, West One Bank's responses to the Commission's subpoenas are due on July 31. Accordingly, please contact me at (202) 219-3690 by Monday, July 22 to discuss this situation.

Sincerely,

Stephan O. Kline
Attorney

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

**Via Facsimile**

July 22, 1996

Arthur L. Herold
Frank M. Northam
Webster, Chamberlain & Bean
1747 Pennsylvania Avenue, N.W.
Suite 1000
Washington, D.C. 20006

RE: MUR 4283
MUR 4402
West One Bank

Dear Mr. Herold and Mr. Northam:

Pursuant to today's conversation, the following represents my understanding of the material which West One Bank will provide to the Office of the General Counsel. In an effort to be accommodating, this Office is willing to accept less information than that required by the subpoenas, at least at the initial stage, and not recommend subpoena enforcement if this Office receives sufficient information to make the determination of whether the 1994 and 1995 loans were made in the ordinary course of business. Assuming that the following questions would produce sufficient information, they would be acceptable to this Office:

4. Please state the number of personal loans made by West One Bank during a fifteen day period on either side of the date when the 1994 loan was made to Helen Chenoweth,[1] which were either not secured or were secured only with a promissory note, and provide the following information for each such loan:

a. State whether the loan recipient had an account with West One Bank;

b. List the loan amount and interest rate;

c. State whether the interest rate was adjustable or fixed;

---

[1] If this time period does not result in information relating to approximately 100 loans (greater than 75), West One Bank will continue adding additional week long periods on either side of the loan date until information pertaining to approximately 100 loans has been accumulated.

d. Provide the prime rate and WOBRR in effect on the date the loan was made;

e. State whether principal was repaid in installment payments or with a single balloon payment at the final repayment date for the loan;

f. Provide loan specification sheets distributed to loan officers during this period; and

g. Provide a copy of any West One Bank formal policy dictating the terms a loan officer can use in making an unsecured personal loan or a loan secured only with a promissory note.

5. Please state the number of personal loans secured with a second mortgage on residential real property made by West One Bank during a fifteen day period on either side of the date when the 1995 loan was made to Helen Chenoweth,[2] and provide the following information relating to such loans:

a. State the number of loans made which bore a fixed interest rate;

b. State the number of loans made which bore a fixed interest rate that was 1 percent above the prime rate or WOBRR or lower. For each such loan state the loan amount, the interest rate, and provide the prime rate and WOBRR in effect on the date the loan was made;

c. Provide loan specification sheets distributed to loan officers during this period; and

d. Provide a copy of any West One Bank formal policy dictating the terms a loan officer can use in making a fixed rate personal loan secured by a second mortgage on real property.

8. State whether in November of 1994 an individual borrower of an unsecured loan could repay West One Bank with a single balloon payment rather then installment payments of principle. If West One Bank has a formal policy relating to this issue, please provide a copy of it.

---

[2] If this time period does not result in information relating to approximately 100 fixed rate loans (greater than 75), West One Bank will continue adding additional week long periods on either side of the loan date until information pertaining to approximately 100 fixed rate loans has been accumulated.

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Pursuant to our conversation, you have also requested a fourteen day extension to the time period provided for in the Commission's Subpoena to Produce Documents and Order to Submit Written Answers, solely to comply with the three informally modified interrogatories described above. The Office of the General Counsel has granted the requested extension, and your response to these three interrogatories is due by the close of business on August 14, 1996.

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

Sincerely,

Stephan O. Kline

Stephan O. Kline
Attorney

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

**VIA FACSIMILE AND FIRST CLASS MAIL** July 25, 1996

John C. Keenan, Esq.
Goicoechea Law Offices
P.O. Box 340
Nampa, Idaho 83653

RE: MUR 4283 and MUR 4402
The Honorable Helen P. Chenoweth

Dear Mr. Keenan:

Last week, the Office of the General Counsel received a phone call from Trent Marcus who stated that he would be representing Helen Chenoweth. Mr. Marcus further stated that he would request an extension of time to respond to the Commission's subpoena directed to Ms. Chenoweth. This Office informed Mr. Marcus that we would need to see a written designation of counsel and a written request for an extension of time. The sooner the request is formally made, the more likely it is to be approved. Moreover, unless we receive the request for extension, the subpoena deadline remains July 31, 1996.

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

Sincerely,

Stephan O. Kline
Attorney

Celebrating the Commission's 20th Anniversary
YESTERDAY, TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

LAW OFFICES
MARCUS, MERRICK & MONTGOMERY LLP
THE MARCUS LAW BUILDING
737 NORTH 7TH STREET
BOISE, IDAHO 83702-5696

TELEPHONE
(208) 342-3569
TELEFAX
(208) 342-6170

CLAUDE V. MARCUS
CRAIG MARCUS
BARRY MARCUS*
BALE M. MERRICK
GARY L. MONTGOMERY
ROBERT L. "BOB" DROZDA, J.D., C.P.A., LL.M., (TAXATION)**
MICHAEL CHRISTIAN*
JENNIFER MARCUS†
TRENT MARCUS

*Also Admitted in the California State Bar
*Also Admitted in the Nebraska State Bar and the United States Tax Court
† Also Admitted in the Washington State Bar

July 26, 1996

VIA FAX

Stephen O. Kline
Federal Election Commission
Office of the General Counsel
999 E. Street, NW
Washington, D.C. 20463

Re: MUR Numbers 4283 and 4402
U.S. Representative Helen Chenoweth

Dear Stephen:

This firm represents United States Representative Helen Chenoweth and the Chenoweth for Congress Committee with regard to Federal Election Commission MUR numbers 4283 and 4402. Our designation of counsel document for Representative Chenoweth is enclosed. We are in the process of obtaining a designation of counsel document for the Committee, and will forward it to you. These matters were recently referred to us by John C. Keenan, who previously represented Representative Chenoweth and the Committee in the matters.

We have received your letter to Mr. Keenan dated June 28, 1996, concerning the Subpoena to Produce Documents and Order to Submit Written Answers directed to Representative Chenoweth and Wayne Crow, Treasurer of Chenoweth for Congress Committee. Your letter directed Mr. Keenan to submit responses to the interrogatories and requests for production of documents to the FEC within thirty days of the date of receipt of the letter.

Mr. Keenan received the letter on July 3, 1996; thus, the thirty day limit is nearing expiration. I am writing to request an extension of time with regard to this deadline. As I stated, this matter was only recently referred to us. The requested information and documents are scattered between Boise, Idaho; Nampa, Idaho; Gooding, Idaho; and Washington, D.C. Several individuals have possession and control over the requested documents. These individuals are spread among the above mentioned locations as well. It will take a significant amount of time to

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track them down, determine which documents they have that are germane to these investigations, assimilate and organize all the documents, and ultimately submit them to the FEC. Additionally, Representative Chenoweth has only recently returned from eastern Europe, and has not had the opportunity to analyze the interrogatories and prepare adequate responses to them.

Therefore, we would greatly appreciate an additional sixty days to respond to the interrogatories and requests for production of documents attached to your letter of June 28. Finally, if you have received any documents or responses to interrogatories from any other respondent involved in MUR numbers 4283 and 4402, we request that you send us copies of such information.

Thank you for your attention to these matters. We look forward to hearing from you.

Very truly yours,

MARCUS, MERRICK & MONTGOMERY

Barry Marcus

Barry Marcus

TM:bp

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[redacted]

[redacted]: 42838402

[redacted]: Barry Marcus, Esq Trent Marcus, Esq

[redacted]: Marcus, Merrick & Montgomery

[redacted]: 737 N 7th St

Boise Idaho 83702

[redacted]: 208 342-3563

" 342-2170

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.

18 July 1996

[redacted]

Helen P. Chenoweth

[redacted]

[redacted]'s name: Helen P. Chenoweth, M.C.

[redacted]: PO Box 897

Boise, Idaho 83701

[redacted]: 208-376-9750

[redacted]: 202-225-6611

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# VERNON RAVENSCROFT

HC60, BOX 1469
BLISS, IDAHO 83314
(208) 837 4936


July 30, 1996

JUL 31 1 57 PM '96
RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

Mr. Stephan O. Kline, Attorney
FEDERAL ELECTION COMMISSION
FAX #202-279-3923
Washington, D.C.

Dear Mr. Kline:

This written request is provided as follow-up to our telephone conversation of 2:30 p.m. Mtn. time, July 30, 1996. I am in receipt of your subpoena in regard to your Case MUR 4283.

I am in the process and will to the best of my ability answer the questions which you have requested. I do have business obligations which pose serious interference to the timely completion of your order. I do, therefore, petition for an extension of time in which to complete my response to said order. I can have the response postmarked to you no later than Monday, August 12, 1996.

Respectfully submitted,

Vernon Ravenscroft

Vernon Ravenscroft
Witness, MUR 4283

9830438602 58

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 1, 1996

Vernon Ravenscroft
HC60, Box 1469
Bliss, Idaho 83314

RE: MUR 4283

Dear Mr. Ravenscroft:

This is in response to your letter dated July 30, 1996, requesting an extension to respond to this Office's Subpoena to Produce Documents and Order to Submit Written Answers in the above-captioned matter. After considering the circumstances presented in the letter and in our conversation, and your representation that you intend to comply with the subpoena, the Office of General Counsel has granted the requested extension. Accordingly, your response is due by the close of business on August 14, 1996.

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

Sincerely,

Stephan O. Kline
Attorney

9804386029

LAW OFFICES

MARCUS, MERRICK & MONTGOMERY LLP

THE MARCUS LAW BUILDING

737 NORTH 7TH STREET

BOISE, IDAHO 83702-5599

CLAUDE V. MARCUS
CRAIG MARCUS
BARRY MARCUS*
RALPH M. MERRICK
GARY L. MONTGOMERY
ROBERT L. "BOB" DROZDA, J.D., C.P.A., LL.M. (TAXATION)**
MICHAEL CHRISTIANI
JENIFER MARCUS
TERRY MARCUS

*Also Admitted to the California State Bar
*Also Admitted to the Nebraska State Bar and the United States Tax Court
* Also Admitted to the Washington State Bar

TELEPHONE
(208) 344-3896
TELEFAX
(208) 342-2170

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
AUG 1 3 49 PM '96

VIA FAX

August 1, 1996

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

Re: MUR #'s 4283 & 4402 - U.S. Representative Helen Chenoweth

Dear Stephan:

Enclosed is the completed "Designation of Counsel" document designating this lawfirm as Counsel of the Chenoweth for Congress Committee for purposes of the above referenced MUR's. As requested in our fax to you dated July 26, 1996, we continue to request an extension of an additional sixty (60) days to respond to the Interrogatories and Request for Production of Documents which are attached to your letter to John Keenan dated June 28, 1996. It is my understanding that you will forward this request onto the "Commission." Furthermore, it is our intent to fully comply with these Discovery requests, and we will make all efforts within our power and abilities to respond to them.

We appreciate your assistance and cooperation in this matter. We look forward to hearing from you as soon as possible.

Very truly yours,

Marcus, Merrick, & Montgomery

Craig B. Marcus

/lm

9304286020

# [illegible] OF [illegible] OF COUNSEL

MUR #4283 & #4402

NAME OF COUNSEL: Barry Maxwell, Esq.

ADDRESS: 737 North 7th Street
Boise, Id. 83702

TELEPHONE: (208) 342-3563

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
AUG 1 3 39 PM '96

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.

7-30-96
Date

Signature

RESPONDENT'S NAME: Chenoweth for Congress Committee

ADDRESS: P.O. Box 887
Boise Id 83702

HOME PHONE: 377 4539

BUSINESS PHONE: 336 5525

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

**VIA FACSIMILE AND FIRST CLASS MAIL**

August 2, 1996

Barry Marcus and Trent Marcus
Marcus, Merrick & Montgomery
737 N. 7th Street
Boise, Idaho 83702

RE: MUR 4283 and MUR 4402
Representative Helen Chenoweth
Chenoweth for Congress and
Wayne Crow, as treasurer

Dear Mr. Marcus and Mr. Marcus:

This is in response to your letters dated July 26 and August 1, 1996, in part requesting a sixty day extension to respond to this Office's Subpoenas to Produce Documents and Orders to Submit Written Answers in the above-captioned matter. Because this Office is only permitted to give a thirty day extension, this Office will place your request for the full sixty day extension before the Commission for its determination.

After considering the circumstances presented in the letter and your representation that you intend to comply with the subpoena, the Office of General Counsel has granted you a thirty day extension. Accordingly, unless you receive notice to the contrary, your responses are due by the close of business on August 30, 1996.

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

Sincerely,

Stephan O. Kline

Stephan O. Kline
Attorney

2 8 0 4 3 3 8 6 0 2 2

LAW OFFICES
WEBSTER, CHAMBERLAIN & BEAN
1747 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20006
(202) 785-9500
FAX: (202) 835-0243

GEORGE D. WEBSTER
ARTHUR L. HEROLD
ALAN P. DYE
EDWARD D. COLEMAN
BURKETT VAN KIRK
FRANK M. NORTHAM
GERARD P. PANARO
JOHN W. HAZARD, JR.
CHARLES M. WATKINS
HUGH R. WEBSTER
DAVID P. GOCH
BRENLEY LOCKE ELIAS

OF COUNSEL
J. COLEMAN BEAN
KENT MASTERSON BROWN
CHARLES E. CHAMBERLAIN

August 1, 1996

Stephan O. Kline, Esquire
Office of General Counsel
**FEDERAL ELECTION COMMISSION**
999 E Street, N.W., Sixth Floor
Washington, D.C. 20463

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
AUG 1 5 00 PM '96

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Re: MUR 4283
MUR 4402
West One Bank

Dear Mr. Kline,

Enclosed are West One Bank's responses to the Commission's Interrogatories and Requests for Documents in the above-referenced MURs.

As we have discussed, the Bank periodically issues "green sheets" to its loan officers and other personnel involved in the approval of loans. While those particular forms were not requested in the FEC's interrogatories, I am attaching to this letter copies of the "green sheets" that were in effect during the time periods in question. It is my understanding that these forms provided loan - authorization officials with guidance as to the Bank's policies on the issuance of loans, but that each official had discretion (within the official's loan authorization capability) to diverge from the guidelines of the "green sheets".

If you have any questions in regard to these responses, please give me a call.

Sincerely,

Frank M. Northam

Frank M. Northam

FMN/jc
cc: John Ward, Esquire/Enclosures

**BEFORE THE FEDERAL ELECTION COMMISSION**

| | | |
|---|---|---|
| In the Matter of | ) | MUR 4283 |
| | ) | MUR 4402 |
| | ) | |

**RESPONDENT WEST ONE BANKS ANSWERS TO INTERROGATORIES AND REQUESTS FOR DOCUMENTS**

Comes now the Respondent, West One Bank, and for its responses to the Interrogatories and Requests for Documents issued by the Commission by subpoena dated June 22, 1996, states as follows:

Question 1: With regard to Helen Chenoweth's banking history with West One Bank, please provide the following information: (a) state the length of time Ms. Chenoweth has been a customer of West One Bank or its predecessors in interest; (b) please identify each account, credit card, or other banking activity (besides line of credit or loan) that Ms. Chenoweth has had with West One Bank. For each, please provide the following information: (i) list the date each account, credit card, or other banking activity was opened or obtained; and (ii) list the date each account, credit card or other banking activity was closed, paid off or canceled; (c) state whether Ms. Chenoweth had a bank account in her name at West One Bank on 11-22-94 and/or 10-20-95. If so, please provide the balance of each such account held in Ms. Chenoweth's name for both dates; and (d) please list and describe all loans (including a line of credit or any loan Ms. Chenoweth guaranteed) Ms. Chenoweth has received from West One Bank, in either a personal capacity or

professional capacity as an officer of Consulting Associates, Inc. Please provide copies of all promissory notes and other documents memorializing the loans or used to obtain them. For each such loan, describe the collateral which was used to secure it.

Answer 1:

(a) West One Bank records indicate that Ms. Chenoweth has been a customer of the Bank since May 14, 1980.

(b) Information on when each account was opened and closed is as follows:

| | Checking Acct | Savings Acct | Credit Card |
|---|---|---|---|
| Opened<br>Closed | | | |
| Opened<br>Closed | | | |
| Opened<br>Paid Off | | | |
| Opened<br>Paid Off | | | |
| Opened<br>Closed | | | |

(c) Ms. Chenoweth had a bank account in her name at West One Bank on November 22, 1994, with a balance of

Ms. Chenoweth did not have a bank account in her name at West One Bank on October 20, 1995.

(d) Other than the loans of October, 1994, and November, 1995, no other loans have been made by West One Bank to Ms. Chenoweth individually.

A total of 13 loans were made to Consulting Associates from March 2, 1990, to February 8, 1994, with the highest borrowing amount being Each loan was secured by Savings Certificates. Ms. Chenoweth did not personally guarantee any of the Consulting Associate loans.

Question 2: Relating to the November 8, 1995 bank loans from West One Bank to Helen Chenoweth, a Consumer Loan Worksheet & Checklist notes under "Derogatory or Insufficient Credit History" that "slow credit occurred during campaign year. Credit now current". With regard to this statements of past slow credit, state whether this information was known by West One Bank loan officers in 1994. If so, please provide copies of any 1994 documents containing this information and/or any analysis thereof. If not, please state why this information was not known by West One Bank.

Answer 2: The information about "slow credit" was not available to West One Bank in November, 1994. The "slow credit" did not occur until 1995.

Question 3: Helen Chenoweth applied for a $40,000 loan from West One Bank on 11-22-94 and the loan funds were disbursed on 11-23-94. Regarding this loan, please provide the following information: (a) identify each person who worked on or approved this loan; (b) describe the specific task performed by each person identified in Interrogatory 3(a); (c) state the basis upon which approval was



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granted; (d) state the date approval was granted for the $40,000 loan and provide any documentation memorializing that approval; (e) please list the dates on which loan payments for 1994 loan were due; and, (f) please provide documentation showing the dates and amounts for payments of interest and principal for the 1994 loan.

Answer 3:

(a) Jerry Wray, Regional Branch Administrator, and Kerrie Quinn, Manager, were the individuals who worked on the loan request of November 22, 1994.

(b) The initial loan request was made in person by Ms. Chenoweth on November 21, 1994, to Jerry Wray. Mr. Wray informed Ms. Chenoweth that Kerrie Quinn, manager of the Plaza Office of West One, would be handling the loan request. Ms. Chenoweth's accountant FAXed to Mr. Wray certain documents regarding her financial status. These documents were forwarded to Ms. Quinn who completed a financial and debt service analysis. Ms. Quinn and Mr. Wray then discussed the analysis and agreed that approval of the loan request should be granted. On November 23, 1994, Ms. Chenoweth came to the Plaza Branch where she met with Mr. Wray and Ms. Quinn, signed the appropriate documents and a cashier's check in the amount of the loan was issued.

(c) The bases for the approval of the November 23, 1994 loan are as follows:

1. Good payment record on prior obligations with the Bank;



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2. Satisfactory credit report;

3. Satisfactory Bank relationship for many years;

4. Limited debt;

5. Job stability during the loan term;

6. Satisfactory debt service coverage; and

7. Secondary repayment available from real estate equities.

(d) The loan request was approved on November 23, 1994.

(e) The loan was established with interest payments due quarterly and the principal balance being due on November 23, 1995.

(f) The payment history on the November 23, 1994 loan is attached as Exhibit 3.a.

Question 4: Identify each person employed by West One Bank who worked on or approved the loan that Ms. Chenoweth obtained from West One Bank on November 8, 1995.

Answer 4: The following individuals are the primary persons who worked on and/or approved the loan made November 8, 1995, and their respective positions at that time:

Jerry Wray, Regional Branch Administrator;

Kerrie Quinn, Manager - Plaza Branch;

Tracy McKinney, Loan Officer - Plaza Branch; and

Tom Ripke, Chief Credit Administrator.

Question 5: Is there a general rule in the banking industry for making unsecured loans so that a bank would only make such a loan if it were equal to no more than 10% of a borrower's assets? State whether this rule was in effect in 1994. If so, state why you departed from this rule in making the 1994 loan to Helen Chenoweth.

Answer 5: West One Bank is not aware of any general rule in the banking industry that unsecured loans should be limited to 10% of a borrower's assets. West One Bank uses a subjective analysis for each loan it makes which includes the character, capital and capacity of each borrower.

West One Bank is aware that a columnist for The Idaho Statesman attributed a quote to a West One Bank manager regarding a "10% general rule". Attached as Exhibit 5.a. is West One Bank's response to this columnist, dated November 3, 1995, which states, among other things, "[i]t is definitely not a policy of West One Bank that unsecured loans area limited to 10% of assets".

I swear that the foregoing Answers to Interrogatories and responses to requests for documents are true and correct to the best of my information, knowledge and belief.

Jerry Wray

**SUBSCRIBED** and **SWORN** to before me this 29 day of July, 1996.

Notary Public

My Commission expires 6-30-98.

2301 8602 0

P/N - TH CUS 1559[redacted] LOAN 9001 DATA [redacted] BANK 001 BRANCH 0067
TRANSACTION HISTORY 07-08-96 PAGE 1

***BACKDATE LIMIT: ***

INTEREST SCHEDULE + DATE: PRINCIPAL SCHEDULE + DATE:

| PROC DTE | EFF DTE | I-RTE | AC TR PC | PRINCIPAL | INTEREST | LOAN BALANCE |
|---|---|---|---|---|---|---|
| 06-01-95 | 05-31-95 | 10.500 | 30 | 0.00 | 1,034.35 | 40,400.00 |
| 08-31-95 | 08-29-95 | 10.250 | 30 | 0.00 | 1,056.21 | 40,400.00 |
| 10-16-95 | 10-13-95 | 10.250 | 30A | 5,000.00 | 0.00 | 35,400.00 |
| 11-02-95 | 11-01-95 | 10.250 | 30A | 5,000.00 | 0.00 | 30,400.00 |
| 11-15-95 | 11-08-95 | 10.250 | 30 | 30,400.00 | 827.24 | 0.00 |

FINAL PAGE

Exhibit "B"

Exhibit 3.a.

West One Bank, Idaho
Post Office Box 8247
Boise, Idaho 83733
208 383 7000

6.a.

November 3, 1995

WEST ONE BANK

Mr. Dan Popkey, Columnist
The Idaho Statesman
1200 N. Curtis Road
Boise, ID 83707

Dear Mr. Popkey:

Mr. Lane is currently out of the Bank until next week. Your letter of November 2 to Mr. Lane has been forwarded to me for a response.

I'm sure you are aware that banking relationships between individuals including political candidates and their banks is a confidential relationship. To discuss any information whatsoever concerning the details of a customer's relationship with the Bank would be entirely inappropriate and a breach of confidence between the Bank and the customer. Any questions concerning a customer's relationship with the Bank should be addressed to the customer themselves.

It has always been and continues to be the policy of West One Bank to comply with all laws and regulations. As you well know, loans to political candidates are required to be made in the ordinary course of business and on no more favorable terms than might otherwise be available to other comparable individuals.

In your letter you make reference to a statement attributed to Joyce Brewer, Manager of West One Bank's Statehouse Office, that as a "general rule", unsecured loans are 10% of assets. To draw any conclusions regarding such a general statement is entirely inappropriate unless you have full and complete information concerning the specific makeup of an individual's assets, liabilities, income sources and credit record. It is definitely not a policy of West One Bank that unsecured loans are limited to 10% of assets.

We realize your interest in the subject matter, but also know you appreciate the importance of confidentiality in personal banking relationships and will understand the necessity of our inability to disclose the information you have requested.

Cordially,

Tom Ripke Jr.

Thomas F. Ripke, Jr.

110395.1TR

Exhibit 5.a.

**BEFORE THE FEDERAL ELECTION COMMISSION**

| | | |
|---|---|---|
| In the Matter of | ) | MUR 4283 |
| | ) | MUR 4402 |
| | ) | |

**RESPONDENT WEST ONE BANK'S ANSWERS TO INTERROGATORIES AND REQUESTS FOR DOCUMENTS**

Comes now the Respondent, West One Bank, and for its responses to the Interrogatories and Requests for Documents issued by the Commission by subpoena dated June 22, 1996 (and as modified by letter dated July 22, 1996 from Stephan O. Kline to Arthur L. Herold), states as follows:

Question 1: State whether it is your normal course of business to approve loans after the loan proceeds have been disbursed.

Answer 1: It would not be in the normal course of business for West One Bank to approve loans after the loan proceeds have been disbursed if, in fact, approval was necessary. However, approval is not necessary for all loans and was not a requirement for the November, 1994, loan to Ms. Chenoweth.

Lending limits are established within West One Bank for each lending unit or office. When a loan to a borrower exceeds the limit established for the lending unit or office then approval must be obtained from the Credit Approval department.

The November, 1994, loan to Ms. Chenoweth was made by Kerrie Quinn, the Plaza office manager. The lending limits for Ms. Quinn, without requiring prior approval, in November, 1994, were $250,000 for an existing customer and $150,000

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for a new customer. The $40,000 loan to Ms. Chenoweth was well within these limits and was made without prior approval of the Credit Approval department.

While approval was unnecessary, all loans are documented utilizing the Loan Approval Application form. Ms. Quinn therefore completed the form and entered it in the loan file as her work schedule permitted.

Attached as Exhibit 1.a. is the policy of West One Bank concerning lending limits and the requirements for when prior approval must be obtained. Attached as Exhibit 1.b. is the lending authority delegated to Ms. Quinn.

Question 2: Please state the usual length of time between an initial loan application and final disbursement of loan funds for both an unsecured loan and a loan secured with real property in November of 1994 and in October of 1995.

Answer 2: Where no loan approval is necessary, the usual length of time between an initial loan application and final disbursement of loan funds for a personal unsecured loan in both November, 1994 and October, 1995 was 24 hours.

The usual length of time between an initial loan application and final disbursement of loan funds for a loan secured with real property in both November, 1994, and October, 1995 was between five (5) and ten (10) days.

Question 3: Please state the meaning of the term "WOBRR", and explain how WOBRR is different from the prime lending rate.

Answer 3: "WOBRR" is the acronym for West One Bank Reference Rate. The "WOBRR" is used by West One Bank in lieu of a prime lending rate. The bank does

not utilize a rate designated "prime" on any of its loans. The "WOBRR" is an internal index rate determined by West One Bank in its sole discretion and is based on a number of factors including the cost of money to West One Bank.

Question 4: Please state the number of personal loans made by West One Bank during a fifteen day period on either side of the date when the 1994 loan was made to Helen Chenoweth, which were either not secured or were secured only with a promissory note, and provide the following information for each such loan:

a. State whether the loan recipient had an account with West One Bank;

b. List the loan amount and interest rate;

c. State whether the interest rate was adjustable or fixed;

d. Provide the prime rate and WOBRR in effect on the date the loan was made;

e. State whether principal was repaid in installment payments or with a single balloon payment at the final repayment date for the loan;

f. Provide loan specification sheets distributed to loan officers during this period; and

g. Provide a copy of any West One Bank formal policy dictating the terms a loan officer can use in making an unsecured personal loan or a loan secured only with a promissory note.

Answer 4: Most of the information sought by Interrogatory 4 is contained in the printouts of loans attached as Exhibits 4.a. and 4.b.:

West One Bank utilizes accounting software whereby loans are posted into its asset ledger as either commercial loans or consumer loans. Loans are designated as consumer loans if the repayment is amortized on a monthly installment basis. If loans are repaid by a single payment they are designated as "commercial" loans because the commercial loan ledger, unlike the consumer loan ledger, is programmed to accept single pay notes. Because the November, 1994, loan to Ms. Chenoweth contained a single payment, it was posted as a commercial loan along with all other single payment loans. Since the interrogatory was directed to consumer loans and single payment loans, consumer loans are included with the commercial loans. Printouts of both consumer loans and commercial loans for the periods in question have been provided.

The consumer loan printouts contain the following information:

Note Date: The date the loan was executed.

Coll: Contains a code for the type of collateral securing the loan. The code number 410 represents the loan was unsecured.

Account Number: The Account Number was supplied instead of a customer name to protect the names of the bank's customers.

Loan Amount: The face amount of the loan.

Rate: The actual interest rate charged.

Term: The term of the loan in months.

Maturity Date: the date the loan will mature.

Fees: The amount of fees charged to process the loan.

F/A: Whether the interest rate was fixed (F) or adjustable (A).

The commercial loan printouts contain the following information:

Customer remarks: The account number was supplied instead of a customer name to protect the names of the Bank's customers.

Loan number: Number assigned to the loan.

Original balance: The face amount of the loan.

Note Date: The date the loan was executed.

Rate: The actual interest rate charged.

F/A: Whether the interest rate was fixed (F) or adjustable (A).

Fees paid: The amount of fees charged to process the loan.

Single pay: Y = "balloon" payment; Blank space - installment payments.

a. The Bank does not maintain records that correlate loans with account holders at the Bank. Therefore, no information can be provided in response to this request.

b. Exhibits 4.a. and 4.b. reflect this information.

c. Exhibits 4.a. and 4.b. reflect this information.

d. As stated in response to Interrogatory 3, the Bank does not use a "prime rate" for any of its loans. The WOBRR in effect at the time the November, 1994, loan was made was 7.75% and on November 15, 1994, increased to 8.50%. The loan made to Ms. Chenoweth on November 22, 1994, was at 1.5% over the WOBRR with a $400 fee. The effective rate of this loan with the fee amortized over the one year loan period was slightly over 11%.

e. Exhibits 4.a. and 4.b. reflect this information.

f. West One Bank does not utilize loan specification sheets.

g. Excerpts from the Bank's loan policy manual are attached as Exhibit 7.a.

Question 5: Please state the number of personal loans secured with a second mortgage on residential real property made by West One Bank during a fifteen day period on either side of the date when the 1995 loan was made to Helen Chenoweth, and provide the following information relating to such loans:

a. State the number of loans made which bore a fixed interest rate;

b. State the number of loans made which bore a fixed interest rate that was 1% above the prime rate or WOBRR or lower. For each loan state the loan amount, the interest rate, and provide the prime rate and WOBRR in effect on the date the loan was made;

c. Provide loan specification sheets distributed to loan officers during this period; and

d. Provide a copy of any West One Bank formal policy dictating the terms a loan officer can use in making a fixed rate personal loan secured by a second mortgage on real property.

Answer 5: Most of the information sought by Interrogatory 5 is contained in the printouts of loans attached as Exhibits 5.a.

a. The information sought may be gleaned from Exhibits 5.a.

b. As stated in response to Interrogatory 3, the Bank does not use a "prime rate" for any of its loans. The "WOBRR" in effect at the time the October, 1995, loan was made was 8.75%. The rate had no bearing on the loan to Ms. Chenoweth in October, 1995, as the loan was granted at a fixed rate of 9.67%. The remaining information sought may be gleaned from Exhibits 5.a.

c. West One Bank does not utilize loan specification sheets.

d. Excerpts from the Bank's loan policy manual are attached as Exhibit 5.b.

Question 6: Is there a general rule in the banking industry for making unsecured loans so that a bank would only make such a loan if it were equal to no more than 10% of a borrower's assets? State whether this rule was in effect in 1994.

Answer 6: West One Bank is unaware of any general rule in the banking industry that unsecured loans should be limited to 10% of a borrower's assets. West One Bank uses a subjective analysis for each loan it makes which includes the character, capital and capacity of each borrower.

West One Bank is aware that a columnist for The Idaho Statesman attributed a quote to a West One Bank manager regarding a "10% general rule". Attached as Exhibit 6.a. is West One Bank's response to this columnist, dated November 3, 1995, which states, among other things, "[i]t is definitely not a policy of West One Bank that unsecured loans are limited to 10% of assets".

Question 7: Please describe West One Bank's internal policy or procedure in determining whether to make an unsecured loan to an individual. In answering this Interrogatory, please provide any written guidelines memorializing this policy or procedure.

Answer 7: West One Bank's guidelines for retail, unsecured loans are attached as Exhibit 7.a. The guidelines provide both general information and credit evaluation guidelines for unsecured loans.

Question 8: State whether in November of 1994 an individual borrower of an unsecured loan could repay West One Bank with a single balloon payment rather than installment payments of principle. If West One Bank has a formal policy relating to this issue, please provide a copy of it.

Answer 8: The terms of repayment of any loan made by West One Bank are determined at the time the loan is made. The Bank often makes loans which are to be repaid with a "balloon" payment rather than by fully amortized installments, because repayment is tailored to an individual's expected cash flow. West One Bank has no formal policy statements on "balloon" payments.

Question 9: Please identify each account, loan, line of credit, or other banking activity the "Chenoweth for Congress Committee" has had with West One Bank. For each, please provide the following information: (a) list the date each account, loan, line of credit or credit card was opened or obtained; (b) list the date

each account, loan, line of credit or credit card was closed, paid off or canceled; and (c) provide the terms and payment record for each loan or line of credit.

Answer 9: The only banking relationship the "Chenoweth for Congress Committee" has had or currently has with West One Bank are the following active accounts:

(a) Demand Deposit Account #1396897 opened May 25, 1993.

(b) Money Market Account #5318882 opened May 23, 1996.

Question 10: Regarding the FEC C-1 report signed by Wayne Crow on 1-30-95, reflecting the making of a $40,000 loan to the Chenoweth Committee, please provide the following information: (a) identify the individual who signed the C-1 on behalf of West One Bank; (b) describe any conversations West One Bank had with the Chenoweth Committee regarding the C-1; and (c) please identify all individuals associated with West One Bank who were responsible for filling out and/or reviewing the information on the C-1.

Answer 10: Question 10 contains an inaccurate statement. The $40,000 loan made in November, 1994, was made to Ms. Chenoweth in her individual capacity not to the "Chenoweth Committee" as stated in the question.

(a) The individual who signed the FEC C-1 report on behalf of West One Bank was Jerry Wray.

(b) The only conversation a West One Bank employee had with a member of the Chenoweth Committee was a short phone call from Mr. Crow to Mr. Wray regarding the FEC C-1 report.

(c) No other individuals from West One Bank were involved with the preparation, review or filing of the FEC C-1 report.

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I swear that the foregoing Answers to Interrogatories and responses to requests for documents are true and correct to the best of my information, knowledge and belief.

Jerry Wray

**SUBSCRIBED** and **SWORN** to before me this 29 day of July, 1996.

Notary Public

My Commission expires 6-30-98.

9804-86023

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COMMISSION
SECRETARIAT

Aug 5 10 27 AM '96

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 5, 1996

**SENSITIVE**

**MEMORANDUM**

TO: The Commission

FROM: Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

SUBJECT: MUR 4283 and MUR 4402
Requests for Extension of Time

By letters dated July 26 and August 1, 1996, Congresswoman Helen P. Chenoweth and the Chenoweth for Congress Committee and Wayne Crow, as Treasurer, ("Respondents") have requested an extension of 60 days in which to respond to the Commission's Subpoenas to Produce Documents and Orders to Submit Written Answers. Attachments 1 and 2. The letters explain that an extension is necessary because new counsel has recently been obtained and the requested information and documents are scattered between several locations in Idaho and Washington, D.C. Furthermore, Congresswoman Chenoweth has only recently returned from Eastern Europe and has not had the opportunity to analyze the interrogatories and prepare adequate responses to them. In their second letter, Respondents assure this Office that they intend to fully comply with the subpoenas and orders. This Office has contacted counsel telephonically and has been informed that 30 additional days is insufficient to respond to these interrogatories.

As an interim measure, and to help prevent these Respondents from being out of compliance with the subpoenas, this Office has granted Respondents a 30 day extension. Ordinarily this Office might argue that an extension longer than 30 days is unwarranted and that Respondents waited until the last minute to make their request. However, because of the in depth nature of the questions, the length of time it may take Respondents to locate the requested materials, and the importance of the responses to the investigation, on balance, an additional 30 day extension appears worthwhile. Accordingly, the Office of the General Counsel recommends that the Commission grant an extension totaling 60 days.

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RECOMMENDATIONS

1. Grant an extension totaling 60 days to respond to the Commission's Subpoenas to Produce Documents and Orders to Submit Written Answers to Congresswoman Helen P. Chenoweth and Chenoweth for Congress Committee and Wayne Crow, as treasurer.

2. Approve the appropriate letter.

Attachments

1 and 2. Requests for Extension of Time

Attorney Assigned: Stephan O. Kline

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BEFORE THE FEDERAL ELECTION COMMISSION

| | | |
|---|---|---|
| In the Matter of | ) | |
| | ) | |
| Congresswoman Helen P. Chenoweth; | ) | MURs 4283 and |
| Chenoweth for Congress Committee | ) | 4402 |
| and Wayne Crow, as treasurer-- | ) | |
| Requests for Extension of Time. | ) | |

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on August 8, 1996, the Commission decided by a vote of 5-0 to take the following actions in MURs 4283 and 4402:

1. Grant an extension totaling 60 days to respond to the Commission's Subpoenas to Produce Documents and Orders to Submit Written Answers to Congresswoman Helen P. Chenoweth and Chenoweth for Congress Committee and Wayne Crow, as treasurer.

2. Approve the appropriate letter, as recommended in the General Counsel's Memorandum dated August 5, 1996.

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

Attest:

8-9-96
Date

Delores Hardy
for Marjorie W. Emmons
Secretary of the Commission

| | | | |
|---|---|---|---|
| Received in the Secretariat: | Mon., | Aug. 05, 1996 | 10:27 a.m. |
| Circulated to the Commission: | Mon., | Aug. 05, 1996 | 4:00 p.m. |
| Deadline for vote: | Thurs., | Aug. 08, 1996 | 4:00 p.m. |

bjr

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

**VIA FACSIMILE**

August 13, 1996

Barry Marcus and Trent Marcus
Marcus, Merrick & Montgomery
737 N. 7th Street
Boise, Idaho 83702

RE: MUR 4284 and MUR 4402
Representative Helen Chenoweth
Chenoweth for Congress and
Wayne Crow, as treasurer

Dear Mr. Marcus and Mr. Marcus:

This is a second response to your letters dated July 26 and August 1, 1996, in part requesting a sixty day extension to respond to this Office's Subpoenas to Produce Documents and Orders to Submit Written Answers in the above-captioned matter. On August 8, 1996, the Commission granted your request for the full sixty day extension. Accordingly, your responses are due by the close of business on September 30, 1996.

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

Sincerely,

Stephan O. Kline
Attorney

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OFFICE OF GENERAL
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Memorandum to Federal Elections Commission
Attention: Stephan O. Kline
Office of the General Council
999 E. Street N.W.
Washington D.C. 20463

From Vernon Ravenscroft

Subject Case reference MUR 4283

General Information

In reference to payments made by Consulting Associates to Helen Chenoweth (former CA Vice President and Secretary Treasurer) the data which you reference in your questions is incomplete. A review of Consulting Associates account ledger from 1990 through 1996 provides the following data in regard to payments made to Helen Chenoweth

| Year | Gross Salary | Bonus | Expenses Paid to or for Mrs. Chenoweth | Total |
|---|---|---|---|---|
| 1990 | | | | |
| 1991 | | | | |
| 1992 | | | | |
| 1993 | | | | |
| 1994 | | | | |
| 1995 | | | | |
| 1996 | | | | |

It was the policy of Consulting Associates to operate on minimum fixed salaries and then from time to time as profits permitted, make bonus payments. The heavy bonus schedule in the first quarter of 1994 was possible because of the pending dissolution of Consulting Associates. Of the three principals who formed the company in 1978, Mr. Robson had not been active for at least ten (10) years and by 1994 was totally retired for health reasons. At age 74 in 1994, I was no longer providing a full 50% of the company income and had conflicting interests with property ownership situated in Gooding County 100 miles removed from Boise. Specific sources of the bonus income were

1. Completion of and payment for client services
2. Liquidation of company savings
3. Collection of accounts receivable
4. Refund of deposits, tax refunds, etc.

It should be noted that the bonus payments from business liquidation in 1994 were comparable to the ongoing profit distribution payments made in 1991 ($14,700.00 vs $14,250.00).

**Answers to specific questions are:**

**1. a. & b.**

| Year | Salary | Bonus | Expense Re-embursement | Total |
|---|---|---|---|---|
| 1990 | | | | |
| 1991 | | | | |
| 1992 | | | | |
| 1993 | | | | |

Mrs. Chenoweth was a full time participant (one of two active consultants) in Consulting Associates Inc. for all of 1990 through 1993. The nature of her work was such that she was not expected to be in the office on any fixed schedule. She was supervising research staff in Idaho, one or more attorney teams both in state and out of state and fulfilling speaking engagements both in state and out of state. Her total remuneration (salary plus bonus) was based upon the clients' payment for the total projects which Mrs. Chenoweth was supervising or conducting.

**c. Payments in 1994**

| Month | Gross Salary | Bonus | Expense |
|---|---|---|---|
| January | | | |
| February | | | |
| March | | | |
| April | | | |
| May | | | |
| June | | | |
| July | | | |
| August | | | |
| September | | | |
| Oct -Dec | | | |
| **1994 Totals** | | | |

**Time expended in 1994**

As stated above, Mrs Chenoweth was not expected to follow an hourly time schedule In 1994 she continued her supervision of research staff and attorney teams by giving these responsibilities attention on week ends, after hour consultations and numerous half days in the office This intermittent schedule was maintained through the month of July to the successful satisfaction of Mrs Chenoweths' client The last retainer fee was received and major services were completed in July Miscellaneous clean up work was necessary thereafter The payments for miscellaneous work and expenses reached Consulting Associates in Oct and Dec Of 1994

It was a managerial decision on my part that the services performed in July plus the completion of miscellaneous services and severance pay did justify salary payments through Sept of 1994 An exact accounting of time is not possible. The bulk of the work was supervisory in nature and was performed to the satisfaction of Mrs Chenoweths' client

**d.** The salary arrangement described above, a minimal salary plus ongoing bonus payments, was evolved over the period of 16 years in which the company (C A.) was active (1978-1994) It was a mutual agreement arrangement Bonus distributions were based upon a mutual evaluation of the business conditions at the time of consideration No formal documents exist

**e. Payment discrepancies**

The records which you list are incomplete The total remunerations for all transactions are

This amount was influenced by bonus payments which were in turn influenced by business termination income based upon the four sources listed in the opening narrative of this response to your interrogatory - namely

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1. Termination of service agreements
2. Liquidation of company savings
3. Collection of accounts receivable
4. Refunds

It is of interest that these questioned payments (1st quarter 1994) came at a time 5 to 8 months before C.A. performed professional services for the campaign and then billed and were paid for those services.

## 2. Relationship between C.A. and Chenoweth Committee.

From the point of inception in 1978, Consulting Associates (C.A.) offered political management and consultation as a featured service. All three C.A. owners had extensive identification with Idaho political activities. C.A. managed several state legislative races. They were active in a Washington State Congressional race (Sonneland), an Oregon Congressional race (Fitzgerald), an Idaho U.S. Senate race (Symms) and an Idaho Governors campaign (LeRoy). C.A. also administered an Idaho legislative political action committee (Pac5).

I was a member and chairman of the Chenoweth committee from its inception. It was understood that I would serve as a senior advisor to the management and finance team. I was also called upon from time to time to perform surrogate and assistant campaign management functions.

This advisory-surrogate function was handled on a volunteer service basis with remuneration for expenses (both personal and business). The itemized billings for the expenses incurred by C.A. and the chronology of personal expense payments are attached as exhibits # 1 and # 2.

During the primary campaign, the finance staff was re-organized on two separate occasions. At the end of the primary there was still no master finance plan or any district wide finance organization. Inquiries were made as to professional fund raising services. Because of a limited budget I proceeded to organize and coordinate an "in house" program to get a comprehensive finance plan and program functioning. As the program evolved it became necessary to house and supervise two campaign staff members at C.A. in order to properly implement and administer the finance program. This work was performed with the knowledge and cooperation of the campaign manager. The plan included county finance chairmen and county finance committees, minimum county quotas, community fund raisers and an extensive direct mail program. The finance plan is exhibit #3, and the final report is exhibit #4. This finance effort plus a lease of two computers for the exclusive use of the campaign office was the basis of billings submitted from C.A. to the Chenoweth campaign in August through November of 1994. (exhibits #5,6,7,&8,).

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After the election victory, the local Idaho transition staff (for reasons of economy) was housed with C.A. and I served as part time supervisor. This transition function covers billings submitted in December of 1994 and February of 1995. (exhibits 10, & 11)

The advisory function was anticipated, the finance directorship and the transition supervision "evolved" but were coordinated with the appropriate staff.

a. No written agreements were made the functions "evolved" and were coordinated verbally with appropriate staff.

b. See details given in the question #2 narrative and in item 2-a above.

c. As an individual, I was party to the initial meetings of the Chenoweth committee in early 1993 and remained a participant through Dec. of 1994. I served as chairman of that committee. My [redacted] involvement as an advisor spanned the same period. Joint use of facilities and equipment in some degree spanned the same period. C.A.'s professional involvement was focused first on finance (late June through Oct.) and this finance work was the basis for the billings submitted by C.A. to the campaign in Aug., Sept., Oct., and Nov. of 1994. See exhibits referenced above.

After the general election, for reasons of economy and efficiency, the transition staff was housed at C.A. I supervised that local staff, Diana Chenoweth served as receptionist and C.A. office equipment, communication equipment, etc. were used by the transition staff. This transition work was the basis of billings, exhibits 10 & 11. See attached.

There are four other joint use and or equipment purchase considerations which need be understood:

1. Joint use of office July 1993 through Dec. 1993 inclusive paid direct to landlord on a 1/3 -2/3 ratio - campaign 2 months, C.A. 4 months.

2. Incidental use of office (volunteers and overflow), office computer, printers, copy work, typewriters, etc. Jan. 1994 through June 1994 inclusive

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$2,255.00 - billed late July or early August - pd 8/12/94. This billing was made in consultation with Wayne Crow campaign treasurer, was prepared in his office and apparently misfiled - copy not currently in my possession

3. Transfer of inventory from C.A. to Campaign. The C.A. office equipment - furniture etc. was inventoried and appraised. Copy attached. The campaign purchased a portion of this inventory and paid for same. Exhibit 12.

4. An additional computer was originally sold to a campaign staff member who subsequently defaulted on that purchase. The campaign assumed this unit and paid for same in their final installment of Dec. 29, 1995. Exhibit 13.

**3.** No formal written agreements.

**4.** Consulting Associates did permit the Chenoweth Committee joint use of housing, office equipment, communication equipment and support staff. Records of use were kept, billings were made based upon a pro-rata of cost or prevailing competive lease rates and by Dec. 1995 all accounts were paid.

**a.** Pricing:
Housing - pro-rata of actual cost.
Computers for campaign use - Competitive lease rate.
Office supplies, postage etc. - At cost.
Staff - Pro-rata at cost.
Miscellaneous and incidental services - Pro-rata at cost.
Professional services - pro-rata at cost.

**b.** Separation of consulting services vs joint use of facilities. - All billings starting in Sept. 1994 were itemized as per function, service performed &/or staff involved. See exhibits.

**c.&d.** Housing - July of 1993 through Dec. 1993 pro-rata paid direct to rentor. Total payment Sept. & Dec - (1/3 time) $1,350.00. Did not enter C.A. account.

Incidental use of office plus office equipment, miscellaneous supplies etc. 1/94 thru 7/1/94 billed late July or early Aug. Pd. 8/12/94 $2,255.00

Housing - finance administration and transition staff supervision - Sept 94 through Jan. 95, billed monthly on pro-rata basis.

Office equipment, computers also typewriters, copy machines, communication equipment and misc. primarily Sept.94 through Jan. 95, itemized billings starting in Sept. 94.

9 8 0 4 3 8 6 0 3 0 3

Staff -various times and degrees itemized in monthly billings starting in Sept. of 1994.

e. & f.

| Item | Date | Amount | Basis |
|---|---|---|---|
| Housing | 1/1/94 -6/30/94 & 9/1/94 - 1/31/95 | Pro-rata based upon occupancy. See individual Billings attached | Cost at $675.00 Per month. |
| Office furniture & equipment including C.A. computers printers, copy machines, typewriter etc. | 7/1/93 - 1/31/95 | Pro-rata based Upon occupancy Varied from Month to month See billings Attached. | Managerial judgement & local prevailing prices based Upon local Inquiry. |
| Computers (2) Exclusive Campaign use at campaign office | Both Primary and general Elections | $100.00 @ Per month | Lowest of three quotations. See Exhibit #_7_ |

g. See billings attached.

h. Rental for campaign computers was based upon market quotations, see exhibit #_7_.

i. & j. Various payments on account starting 8/12/94 and concluding Dec. 29, 1995. All paid by check from the campaign account.

5. a.b.&c.

Services - receptionist and secretarial services by Diana Chenoweth. Provided primarily 9/1/94 through 1/31/95. Billed on a pro-rata of time salary $_5.50_ per hour plus social security and accident programs. See exhibit #14

Consulting services. Vernon F. Ravenscroft. Advisory and surrogate support 5/15/93 through 1/9/95 - expense only at cost - see attachment #1 & #2.

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8/11/96 VR



attachment #5 cost $5,000.00 Paid 9/19/94.

Housing, equipment, staff & miscellaneous - basically at cost. See exhibits #5 through 11.

Supervision local transition Team - pro-rata of cost. See exhibits #10 & 11.

d. Documents - see attachments.

e. Diana Chenoweth and Vernon Ravenscroft.

**6.**

**a. Extension of credit to clients.**

The nature of C.A.'s business was such that they extended frequent and substantial credit for the benefit of their ongoing clients. See summary 6-C below. C.A.'s ledger designation # 604 provides an overall summary of client costs. In 1993 those costs totaled $25,651.26.

**b. Billing cycle.**

The billing policy varied depending upon the nature of the work and the basis of payment. Minor clients were billed on a monthly basis for services and expenses incurred during the previous month. Mrs. Chenoweth's major client paid a monthly retainer and periodically the account was reviewed and balanced to the satisfaction of both parties. C.A.'s work on independent hydro projects was usually based upon services over a development period frequently three or more years and the fee was a percentage of the final development cost. Advances to cover expenses and to maintain services were made at non-specific time intervals.

Billing schedule didn't always mean timely collection. One major hydro account was collected only after a successful law suit and one political account was finally settled after 8 years of payments "on account".

**c. 1993 Client Travel Cost Summary*[1]**

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c. **1993 Client Travel Cost Summary*[1]**

This ledger listing was based on who received payment - no specific travel ledger designations are available.

| Month | Total Recorded Client Costs | Probable Travel for Clients other than Chenoweth Committee |
|---|---|---|
| 1/93 | | |
| 2/93 | | |
| 3/93 | | |
| 4/93 | | |
| 5/93 | | |
| 6/93 | | |
| 7/93 | | |
| 8/93 | | |
| 9/93 | | |
| 10/93 | | |
| 11/93 | | |
| 12/93 | | |
| **Totals-93** | | |

*[1] The C A ledger designation 604 "client costs" lists the recipient and in most instances the client Travel can be roughly determined by the recipients. For example, the telephone company and outside consultants obviously are not travel and a travel agency is positively travel. Other recipients are not as well defined. This summary is a probable total based apon my best memory of the clients and the suppliers to whom we made payments

9 8 0 4 3 8 6 0 3 0 6

## 1994 Travel Expenses Advanced by C.A. for Clients other than Chenoweth Committee.

| Month | Total Recorded Client Costs | Probable Travel Other Than Chenoweth |
|---|---|---|
| 1/94 | | |
| 2/94 | | |
| 3/94 | | |
| 4/94 | | |
| 5/94 | | |
| 6/94 | | |
| 7/94 | | |
| 8/94 | | |
| 9/94 | | |
| 10/94 | | |
| 11/94 | | |
| 12/94 | | |
| **Totals-94** | | |

1995 - Travel Expense for Clients Other Than Chenoweth Committee -None

**7. Use of C.A. facilities other than Chenoweth Committee**

**a.** At least three clients used the facilities of Consulting Associates, all in combination with the use of C.A. secretarial staff These three entities were:

Pac - 5 (Idaho Legislative Political Action Committee)
Idaho Independent Energy Council
Ravenscroft Hydro Project

**b.** None

**c.** The clients listed above used (on an as needed basis) the entire office facilities of C.A. typewriters, copy machines, computers, printers, communication system etc. This use was in conjunction with joint use of the C.A. secretarial staff

Remuneration from these three clients,

9 3 0 4 3 8 6 0 3 0 7

OK ER
8/11/96



also incidental use by other clients, was achieved by charging $20.00 per hour for the secretarial time billed. On this basis the billings to the Chenoweth Committee would have been substantially higher, for example:

> Sept. 1994 – Secretarial time plus office use was billed at $969.50 as compared to 132 hours @ $20.00 which would have been $2,640.00. It was my managerial decision to make a charge which covered actual cost of the overhead, repair, depreciation and staff labor. That charge was somewhat less than prevailing commercial rates.

## 8. Other Clients

During the period 1993 through 1995. Consulting Associates a/or Vernon Ravenscroft*[1] personally received income from the following clients other than the Chenoweth Committee

All of these clients are either minor accounts or are established clients with whom C.A. had an ongoing work agreement of several years duration. There were no new client agreements drafted during the period 1993-95.

*[1] After C.A. stopped active operation as of Jan. 1, 1995 I personally have continued work on the Koyle Hydro project and have collected for those services

*[2] Sale of equipment

*[3] Collection on old accounts from previous years

9 8 0 4 3 8 6 0 3 0 8

## 9. Details Re Consulting Associates (C.A.)

a. Ownership at inception (1978) and at the time of liquidation (1996) was identical, Vernon Ravenscroft (President) 49.5%, Helen Chenoweth (V. President-Secretary-Treasurer) 49.5%, Robert Robson 1%.

b. C.A. started as a sub-chapter S corp. and changed to a full corporation status as of Jan. 1, 1989

c. Tax returns attached.

d. Owner of building at 1843 Broadway - Boise, Idaho was 1843 Broadway Partnership. Who the principals are I do not know. I dealt through a property management agent.

e. During the period 1993 through 1994 C.A. employees other than Helen Chenoweth were:

9 3 0 4 7 8 6 0 3 0 9

f. **Loans**

During the period 1989 through 1994 inclusive C A. obtained operating loans as follows:

It is my memory that both major owners signed the notes. All loans were from the Statehouse Branch of West-One Bank (now U.S. Bank) and all loans were secured by Certificates of Deposit (C.A. savings) purchased from the same bank who provided the operating loans. The actual loan documents are not readily available in that the C A. records have been moved twice since January of 1995. Those records are still in storage some in Boise and some here at my residence. The ledger records are very clear, operating loans were taken in the referenced period 1989 through 1994 inclusive.

g. It is my memory that both principal owners of C.A. guaranteed the company credit card (West-One Visa) back in 1979 when the business was first formed. Later two American Express cards were established. These were used to cover specific expenses for Mrs. Chenoweth's major client.

I am not aware of any guarantee either by me or by Helen Chenoweth for either of these two accounts. It is my memory that I signed the lease agreement for the C.A. office in my capacity as president. It is also my memory that both principals of C.A. signed the notes for operating loans which were in turn totally secured by company savings on deposit with the lendor.

9 3 0 4 7 8 6 0 3 1 0

**h. C.A. present statues.**

The Idaho Secretary of State was notified in 1995 that C.A. was no longer an active corporation. All cash assets have been liquidated and distributed as between the three owners based on their equity in C.A. - The company does still own developmental interest in two potential hydro projects. That ownership may or may not have value depending entirely upon

1. Future energy markets which are currently seriously depressed.
2. Availability of a development group who are willing to carry the projects to completion. C.A. no longer has developmental ability, desire or capacity.

At this point in time the salvage value of these projects is minimal

i. Ceased operation in January 1995. Of these three owners, one retired for poor health, one went home to care for personal property interests and one went to Congress.

ii. Cash assets liquidated and net proceeds divided according to equity

iii. In 1995 and 1996 I received miscellaneous expense and salary

iv. All known debts of C.A. were paid before the cash disbursement was made

At one time a group of Hydro project owners including C.A. and several others hired an outside consultant to present testimony before the Idaho Public Utilities Commission. This obligation is that of guarantor not as a direct company obligation. Other entities also share the obligation. C.A. made payments to the consultant in 1995 and if receipts are received in the future from C.A.'s residual project interests, additional payments will be made. The consultant is an Economist, a Mr. Joel Hamilton Moscow, Idaho

v. Other than the guarantor obligation sited above, I know of no Consulting Associates debts

vi. I have the corporate ledgers. The corporate records are in storage, part in Boise and part here on my property H.C. 60 Box 1469 Bliss, Idaho 83314

9804860311

i. I am the party best able to answer questions in reference to C.A.'s current and past policies, accounts and practices.

**Summary:**

Consulting Associates was aware that corporate subsidy of the campaign was not permissible. In 1993 an improper loan was made to the campaign and when we became aware that only a recognized lending institution could make such a loan that loan was promptly reported to F.E.C. The loan was repaid including a competitive interest charge.

The expenses for advisory and surrogate services by Vernon Ravenscroft were covered by a specific itemized expense statement.

The cost of professional services were specifically billed as was a proper pro-rata for housing, use of staff, office equipment, office supplies etc.

Two computers leased to the campaign for their exclusive use at the campaign office were billed at a competitive lease price. Inventory, furniture etc. acquired after C.A. ceased business was paid at a price listed by a neutral appraiser.

Time frames are significant. Professional services and major use of C.A. staff occurred in the closing months of the general campaign primarily July 94 through Dec 94. In this period Helen Chenoweth received no expense allowance - no bonus and just three months salary. In this same period the campaign owed Helen Chenoweth in excess of $60,000. The payments to C.A. were proper conservative payments for services rendered. If the campaign were attempting to convey money to Chenoweth, they need do nothing more than pay back a portion of the debt which they owed to her.

9 3 0 4 3 3 6 0 3 1 2

AFFIDAVIT OF )
VERNON F. RAVENSCROFT )

Vernon F. Ravenscroft, having first been duly sworn upon oath, deposes and says:

That he is the respondent for the above-entitled matter and that he does here by verify that based upon his best information and belief the above responses are true and correct.

Vernon F. Ravenscroft

Vernon F. Ravenscroft

SUBSCRIBED AND SWORN TO BEFORE ME this 9 day of August, 1996.

R Duwain Butler

Notary Public of Idaho
Residing at Gooding Idaho
My Commission Expires: 4/10/2000

9 8 0 4 3 8 6 0 3 1 3

Exhibit 1-a

# Consulting Associates, Incorporated

BOISE OFFICE —
VERNON RAVENSCROFT
HELEN CHENOWETH

PHONE (208) 345-3570
FAX (208) 345-3576
1843 BROADWAY, SUITE 102
BOISE, IDAHO 83706

December 8, 1994

Wayne Crow
Treasurer, Chenoweth for Congress Committee
504 16th Ave. S.
Nampa, Id 83651

Dear Wayne,

Please accept this letter as Consulting Associates billing for all miscellaneous expenditures including but not limited to copy work, telephone, travel, credit card, postage, fed-x, and library research expenses which are chargeable to the Chenoweth Campaign for the period of March 15, 1993 to present. Itemization is available upon request. Total billing $8,876.33.

Thank you,

Vernon Ravenscroft

Vernon Ravenscroft
President / C.A.

VFR/dc

9 8 0 4 1 8 6 0 3 1 4

STATEMENT

(1)

**CONSULTING ASSOCIATES, INC.**
~~Post Office Box 898~~, Boise, Idaho 83706
Telephone (208) 345-2670
1843 BROADWAY #102

House

C.A. + V.P.
GHP +
Acct #94
Prime

| Initial | Date | Description · Code | Time Charge | Charge | Payment | Balance |
|---|---|---|---|---|---|---|
| | 3/15/93 | Check Deli – Sandwich | | | | |
| | | to VK Dan Dunker Eat H. | | 11 74 | | |
| VK | 31 93 | Sandwich [illegible] | | | | |
| | | [illegible] | | [illegible] | | |
| | | Political Recruitment | | | | |
| | 3/23/93 | U.S. West chrg – Feb. | | 19 37 | | |
| | 3/23/93 | Airfare IN HC Speech in | | | | |
| | | Malad H. – Mayor Jones | | 109 00 | | |
| | | return flight | | | | |
| | 3/26/93 | Duplication of Gilbert | | | | |
| | | file – copy expense | | 75 00 | 3/31 | 235 90 |
| | 5/31/93 | Post Office Box Rent #897 | | 77 50 | | |
| | 4/2/93 | NW Telco – Feb. chrg. | | 22 00 | | |
| | 4/12/93 | U.S. West – March chrg | | 10 99 | | |
| | 5/14/93 | U.S. West – April chrg. | | 16 73 | | |
| | 5/14/93 | NW Telco – March | | 13 53 | | |
| | 5/14/93 | NW Telco – April | | 9 78 | | |
| | 6/14/93 | NW Telco – May | | 28 87 | | |
| | 7/14/93 | Fed. X ob [illegible] Doehrer | | 15 50 | | |
| | 7/18/93 | Airfare [illegible] Dave Pokorny | | [illegible] | | |
| | | [illegible] | | 135 00 | | 569 80 |

PLEASE PAY LAST AMOUNT IN THIS COLUMN ▲

STATEMENT

**CONSULTING ASSOCIATES, INC.**
Post Office Box 803 - Boise, Idaho 83701
Telephone (208) 345-2670
1845 BROADWAY #102

VR Campaign Acct.
Expenses due C.A. or V.R.

569.80

| Initial | Date | Description - Code | Time Charge | Charge | Payment | Balance |
|---|---|---|---|---|---|---|
| | 7/23/93 | NW Telco - June | | 222 56 | | |
| | 7/23/93 | US West - June | | 17 77 | | |
| | 8/6/93 | [illegible] | | 321 58 | | |
| | 8/1/93 | [illegible] - Telecopier rental | | 13 44 | | |
| | 8/13/93 | Writing Press - stationery | | | | |
| | | [illegible] | | 233 90 | | |
| | 8/13/93 | [illegible] | | 113 [illegible] | | |
| | 8/13/93 | NW Telco - July | | 160 13 | | |
| | 8/14/93 | postage charges for mailings | | 12 75 | | |
| | 9/3/93 | VCR rental | | 14 44 | | |
| | 9/3/93 | Law Library - Endangered | | 3 60 | | |
| | | Species Record - Crow Elp. | | | | |
| | 9/17/93 | Car rental, Lewiston 8/25 | | 74 54 | | |
| | 9/17/93 | Fed-X to Betty McDregor | | 25 50 | | |
| | 9/17/93 | NW Telco - Aug. charges | | 160 57 | | |
| | 9/17/93 | Postage - in book to John Kane | | 1 96 | | |
| | 9/17/93 | Regal Record & Law Library | | 26 55 | | |
| | 9/17/93 | US West - Aug. charges | | 78 46 | | |
| | 10/1/93 | American Express - Alaska | | | | |
| | | Airlines 10/2 trip to Lewiston | | 201 00 | | |
| | 10/8/93 | U.S. West - Sept. | | 77 57 | | |
| | 10/29/93 | Barbara [illegible] - 9/1 st | | 85 00 | | 2514 45 |

PLEASE PAY LAST AMOUNT IN THIS COLUMN

1-d

STATEMENT

CONSULTING ASSOCIATES, INC.
Post Office Box 883 - Boise, Idaho 83701
Telephone (208) 345-2670
184a BROADWAY #102

VR Campaign Acct.
Expenses due C.A or VR.

| Initial | Date | Description - Code | Time Charge | Charge | Payment | Balance |
|---|---|---|---|---|---|---|
| * | 11/1/93 | American Express 10/20 St. | | 62 09 | | |
| | 11/12/93 | NW Telco - Oct. | | 294 54 | | |
| | 11/12/93 | Bankcard chgs. 11/4 St. | | 231 67 | | |
| | 12/17/93 | Inv: North by Northwest | | 908 50 | | |
| | | Post 9/17 St. | | | | |
| | 12/17/93 | Bankcard chgs. 12/5 St. | | 448 57 | | |
| | 12/31/93 | US West - Dec. chgs. | | 81 21 | | |
| | 12/31/93 | Amer. Exp. 12/15 St. | | 371 00 | | |
| | 12/31/93 | " " 12/17 St. | | 1,511 08 | | |
| | 12/31/93 | NW Telco - Nov. | | 183 56 | | 6,575 36 |
| | 1/4/94 | Bankcard chgs. 1/4/94 St. | | 155 79 | | 6,501.59 |
| | 1/4/94 | US West chgs - Dec. | | 90 34 | | |
| | 2/18/94 | NW Telco - Dec/Jan. | | 293 72 | | |
| | 2/18/94 | Bankcard chgs. travel | | 527 22 | | |
| | 2/18/94 | US West chgs - Dec/Jan. | | 209 96 | | |
| | 2/18/94 | Fed-Ex to Chris Doehring 1/7 | | 25 25 | | |
| | 2/18/94 | " " " " 1/20 | | 31 25 | | |
| | 2/18/94 | Fed-X to Congressman Crapo | | 29 75 | | |
| | 2/18/94 | Fed-X to HC 2/1 | | 32 50 | | |
| | 2/18/94 | American Express chg to St. | | 218 91 | | |
| | 2/18/94 | AT&T phone chgs - Dec. | | 31 91 | | |

** Fed-Ex to Bill

PLEASE PAY LAST AMOUNT IN THIS COLUMN

1-e

STATEMENT

CONSULTING ASSOCIATES, INC.
~~Post Office Box 893~~ · Boise, Idaho 83701
Telephone (208) 345-2670
1843 BROADWAY #102

VK Campaign Acct.
Expenses due CA or VK.

2,514.65

| Initial | Date | Description · Code | Time Charge | Charge | Payment | Balance |
|---|---|---|---|---|---|---|
| | 10/8/93 | Postage - packets to Steve Simpson & Wendy Morrison | | 7.08 | | |
| | 10/8/93 | postage charge | | 4.10 | | |
| | 10/8/93 | Jim Ort - VCR/TV rental | | 45.51 | | |
| | 10/8/93 | Mary Library - Copy Sept 93 | | [illegible] | | |
| | [illegible] | [illegible] | | | | |
| | 2/6/94 | [illegible] | | 38.00 | | |
| | 2/25/94 | Postage for letter " | | 7.25 | | |
| | 3/4/94 | postage " " | | 4.06 | | |
| | 3/1/94 | postage " " | | 2.90 | | |
| | 4/10/94 | Cellular One phone chrg. | | 33.58 | | |
| | 4/10/94 | American Express 3/21 - Budget Rent-a-Car 3/18-3/21 | | 222.86 | | |
| | 4/10/94 | NW Tel - Feb chrg. | | 153.[illegible] | | |
| | 4/22/94 | Postage chrg. | | 1.45 | | |
| | 5/20/94 | Fed-X chrg. 3/21 to 4/4 | | 110.85 | | 2,876.[illegible] |
| | | | | | | |
| | | Tax - [illegible] | | | | |
| | | ~~[illegible]~~ | | | | |
| | | S. 5% 5B | | | | |

PLEASE PAY LAST AMOUNT IN THIS COLUMN

Exhibit # 2

VERN RAVENSCROFT

| DATE | CHECK # | ISSUED TO | DESCRIPTION | AMOUNT |
|---|---|---|---|---|
| 4/1/94 | 1381 | VERN RAVENSCROFT | EXPENSES | 40.00 |
| 5/12/94 | 1465 | VERN RAVENSCROFT | PRINTING EXPENSES | 53.00 |
| 5/31/94 | 1519 | VERN RAVENSCROFT | CASH OUT OF POCKET | 23.50 |
| 6/20/94 | 1563 | VERN RAVENSCROFT | TRAVEL EXPENSES | 104.00 |
| 7/22/94 | 1641 | VERN RAVENSCROFT | PETTY CASH | 150.00 |
| 8/1/94 | 1663 | VERN RAVENSCROFT | TRAVEL EXPENSE | 230.15 |
| ??/??/94 | 1747 | VERN RAVENSCROFT | MEALS | 20.00 |
| ??/??/94 | 1752 | VERN RAVENSCROFT | TRAVEL | 100.00 |

Exhibit 3-a.

DRAFT

July 28, 1994

# FINANCE PLAN
## Summary

| ITEM | SUPERVISION & COORDINATION | TIME LINE | GOAL |
|---|---|---|---|
| Goal | | | 775,000 |
| Cost & Travel | | | 125,000 |
| Useable Campaign Balance | | | 650,000 |
| 1. Pac-Washington, D.C. | | | |
| A. Agent contract in place | Mike | 7/16/94 | |
| B. Craig Reception | Mike & HC | ~~Aug. 16~~ Sept | 200,000 (combined) |
| 2. Rod McFain (out of state) | VR | In progress | 20,000 (net) |
| 3. Hawkins-etal Eastern Idaho | VR & MH | Sept. 17 | 10,000 (gross) |
| 4. County Quotas (see page 3) - Total | | | $385,000 (gross) |
| A. Organization | Sandy, Lois, Mike, VR, HC | A.S.A.P. | |
| B. Accounting system and personnel | VR | ongoing | |
| C. Direct mail | MH, VR, Lois & Sandy | Immediate & ongoing | |
| D. Regional events including speakers, receptions, etc. | Mike, Sandy Lois & MH | Immediate & ongoing | |
| E. Special events County | county co-coordinators, MH, VR & Sandy | Ongoing | |
| F. Individual solicitations (revise week to week) | VR, MH, Sandy cnty coord | Ongoing | |
| G. Dave Ferdinand | VR | In place ($5,000) | |

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3-6.

| | | | |
|---|---|---|---|
| H. Rod McFain-in state | VR | In place ($20,000) | |
| I. Chuck Lempesis & Scott Hoover-in state | | ? | |
| 5. National party | Mike | A.S.A.P. | $60,000 |
| 6. Chuck Lempesis & Scott Hoover, out of state | Sandy, Mike | A.S.A.P. | ? |
| 7. Feature events including tours, river trips, auto dealers, Magic Valley etc. | Sandy & Lois | A.S.A.P. | $50,000 (gross) |
| 8. Out of state fund raisers | VR, MH, Sandy, Lois & Mike | Aug 30/31 Sept 1/2 | 50,000 (gross) |
| TOTAL | | | $775,000 |

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3-C.

## COUNTY QUOTAS

| COUNTY | % | ASSIGNMENT | GOAL |
|---|---|---|---|
| 1. Ada | 38.5 | Committee 7/29/94 | 148,225 |
| 2. Adams | 1. | Judy Boyle, (V & M) | 3,850 |
| 3. Benewah | 2. | Bill Morris (V & M) | 7,700 |
| 4. Boise | .75 | Usto Shulz (M) | 2,900 |
| 5. Bonner | 2. | Frank Reichert (M) | 7,700 |
| 6. Boundary | 1.0 | Frank Reichert | 3,850 |
| 7. Canyon | 24.0 | Committee | 92,400 |
| 8. Clearwtr | 3.0 | Sandy | 11,500 |
| 9. Gem | 1.25 | M. Pierce (M) | 4,800 |
| 10. Idaho | 2. | Pat Holmberg | 7,700 |
| 11. Kootenai | 8. | Tom Addis (V & M) | 30,800 |
| 12. Latah | 2. | (V & M) | 7,700 |
| 13. Lewis | .5 | Sandy | 1,925 |
| 14. Nz Perc | 6. | Sandy | 23,100 |
| 15. Owyhee | 1.5 | Mike | 5,775 |
| 16. Payette | 2. | M. Pierce (V & M) | 7,700 |
| 17. Shoshone | 1.5 | HC | 5,775 |
| 18. Valley | 1.5 | Jud DeBoer (V & M) | 5,775 |
| 19. Wash. | 1.5 | Judy Boyle | 5,775 |
| | | TOTAL | $385,000 |

9 8 0 4 3 8 6 0 3 2 2

Exhibit - 4-a

January 25, 1995

Memorandum From: Vernon Ravenscroft, Chenoweth Campaign Chairman

To: Helen Chenoweth, Brent DeArmond, Wayne Crow, Mike Duff, Scott Hoover, Meg Keenan, Pat Holmberg, Lois Van Hoover, Sandra Mitchell, Mari Harper, Rhonda Tilden, Tim Brennan, Adam Grad, Usto and Diana Schulz, Jim Goller, Dave Ferdinand, Judy Boyle, Monty Pearce, Bonita Shook, Scott Carlton, Jim Morris, Christy Oetken, Frank Reichert, Al Farnsworth, Larry Grupp, Frank Bennett, Bob and Barbara Forrey, J.C. and Claire Campbell, and Bill Campbell

Subject: Financial accomplishments of Chenoweth Campaign from May 25, 1994 thru January 23, 1995.

In the Chenoweth organization, we are in the process of changing campaign and debt retirement responsibilities. Consequently, I have asked Terry Olsen to give me an updated contribution summary for your information. We have reason to be proud of the accomplishments of the team (several different people) who drafted and implemented the Idaho finance plan for the campaign.

For the state of Idaho we projected a total of $395,000.00. To date, we have raised $370,906.00. From out-of-state individuals, we projected $50,000.00. Thanks to Helen's extensive out-of-state contacts and well prepared direct mail appeals, that quota was exceeded with the total of individual out-of-state receipts amounting to $72,913.

Out-of-state PAC contributions was our one disappointment. Either our quota was unrealistic or the yield was deficient. It is not my desire to pass judgement. The quota was $200,000 and the yield now totals $100,850.

My thanks to everyone for the blood, sweat, and overtime. Any reference to tears would be totally inappropriate.

Regards,

Vernon Ravenscroft
Chairman

VR/to
Encl.

9 8 0 4 1 8 6 0 3 2 3

4/- 6

Print Date: January 4, 1995

**SUMMARY**

**PREPARED FOR IN-HOUSE EVALUATION-DATES DO NOT COINCIDE WITH F.E.C. REPORTS.**

**General Election May 25, 1994 - December 31, 1994***

| NAME | # CONTRIB. | $ TO DATE | GOAL |
|---|---|---|---|
| 1. WASHINGTON DC PAC'S | 103 | $92,400.66 | 200,000.00 |
| 2. 2ND DISTRICT | | | |
| INDIVIDUAL: | 152 | 15,040.00 | |
| PAC'S: | 2 | 278.82 | |
| TOTAL 2ND DISTRICT: | 154 | $15,318.82 | 10,000.00** |
| 3. COUNTY QUOTAS 1ST DISTRICT | | | |
| ADA COUNTY | 1,561 | $156,897.46 | $148,225.00** |
| ADAMS COUNTY | 31 | 1,426.00 | 3,850.00 |
| BENEWAH COUNTY | 32 | 990.00 | 7,700.00 |
| BOISE COUNTY | 30 | 1,635.00 | 2,900.00 |
| BONNER COUNTY | 71 | 6,870.00 | 7,700.00 |
| BOUNDARY COUNTY | 40 | 1,870.00 | 3,850.00 |
| CANYON COUNTY | 651 | 44,378.00 | 92,400.00 |
| CLEARWATER COUNTY | 84 | 6,805.00 | 11,500.00 |
| GEM COUNTY | 49 | 2,775.00 | 4,800.00 |
| IDAHO COUNTY | 63 | 4,000.00 | 7,700.00 |
| KOOTENAI COUNTY | 331 | 37,002.00 | 30,800.00** |
| LATAH COUNTY | 109 | 16,225.00 | 7,700.00** |
| LEWIS COUNTY | 18 | 1,029.00 | 1,925.00 |
| NEZ PERCE COUNTY | 275 | 16,084.00 | 23,100.00 |
| OWYHEE COUNTY | 65 | 5,288.00 | 5,775.00 |
| PAYETTE COUNTY | 99 | 8,103.00 | 7,700.00** |
| SHOSHONE COUNTY | 31 | 1,898.00 | 5,775.00 |
| VALLEY COUNTY | 51 | 1,860.00 | 5,775.00 |
| WASHINGTON COUNTY | 66 | 4,170.00 | 5,775.00 |
| INDIVIDUALS | 3657 | 319,396.46 | |
| PAC'S | 15 | 19,550.00 | |
| TOTAL 1ST DISTRICT: | 3,672 | $338,946.46 | $385,000.00 |
| 4. REPUBLICAN PARTY: | 2 | 16,650.00*** | 60,000.00 |
| 5. FEATURE EVENTS & MCFAIN: OUT OF STATE | 0 | 0.00 | 70,000.00 |

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4-C

| | | | |
|---|---|---|---|
| 6. OUT-OF-STATE - INDIVID.: | 1,502 | 72,913.00 | 50,000.00 |
| GRAND TOTALS TO DATE: 12/31/94 | 5,433 | $536,228.94 | $775,000.00 |

* DATA DOES NOT INCLUDE MISCELLANEOUS MINOR CASH CONTRIBUTIONS.
** GOAL EXCEEDED
*** DIRECT PARTY PARTICIPATION DOES NOT INCLUDE PARTY SPONSORED FUNCTIONS OR PARTY SPONSORED ADVERTISEMENT PROGRAMS

## SUMMARY OF INDIVIDUAL CONTRIBUTIONS

| | | | |
|---|---|---|---|
| 1ST DISTRICT | 3,657 | 319,396.46 | |
| 2ND DISTRICT | 152 | 15,040.00 | |
| OUT OF STATE | 1,502 | 72,913.00 | |
| TOTAL | 5,311 | $407,349.46 | |
| AVERAGE PER INDIVIDUAL | | $76.69 | |
| INDIVIDUAL CONTRIBUTIONS | | $407,349.46 | |
| AS PERCENTAGE OF TOTAL | | $536,228.94 | OR 76.0% |
| IDAHO AS A PERCENT OF TOTAL NOT COUNTING REPUBLICAN PARTY WHICH IN THIS SUMMARY DOES NOT DIFFERENTIATE STATE VS. NATIONAL PARTY | | $354,265.28 | |
| | | $519,578.94 | OR 68.2% |

9804386032 5

Exhibit 5.

# Consulting Associates, Incorporated

BOISE OFFICE —
VERNON RAVENSCROFT
HELEN CHENOWETH

PHONE (208) 345-2870
FAX (208) 345-2876
1843 BROADWAY, SUITE 132
BOISE, IDAHO 83706

Meg Kelman.

I have examined the work load that Consulting Associates is providing to the Campaign. I believe a fully defensible remuneration for consulting services would be:

| | |
|---|---|
| June, July and August | $5,000 |
| Sept. | $5,000 |
| Oct. | $5,000 |

Please consider this note as our billing for the first installment (June, July & Aug.) If you have questions please call.

Vernon.

Note by VR 11/30/86 The consultant travel settlement was used only once (in June, July & Aug) Mike Doff asked that we adopt a specific settlement billing which we did for Sept-Nov. VR.

4 3 8 6 0 3 2 6

Exhibit 6

October 13, 1994

Billing for September expenses, use of facilities and staff. As per October 11, 1994 conversation between Mike Duff and Vernon Ravenscroft.

| Item | Charge |
|---|---|
| Pro-rata of months rent based upon staff occupancy (75%) | $506.25 |
| Receptionist - Pro-rata of time. (evaluation on file at C.A.) | $782.00 |
| Use of supplies, office equipment and facilities. | $187.50 |
| Rent two computers for one year. Nov. 1993 thru Oct. 1994. (documentation of fee and use time on file at C.A) | $2,400.00 |
| **Amount due September 1994 expense and labor plus computer rent for total period of use.** | **$3,875.75** |

Vernon Ravenscroft
10/18/94

9804386032 7

#7.

# Consulting Associates, Incorporated

BOISE OFFICE —
VERNON RAVENSCROFT
HELEN CHENOWETH

PHONE (208) 345-3870
FAX (208) 345-2576
1843 BROADWAY, SUITE 102
BOISE, IDAHO 83706

OCTOBER 18, 1994

Consulting Associates has contacted three computer companies in order to decide a fair rental price for two 386 computers with monitors to the Chenoweth for Congress campaign. Companies contacted and rental quotes as follows:

Bit by bit - $139.00 per month

Computerland - $185.00 per month

D&B Systems - $100.00 per month

Based on these quotes the rental price will be $100.00 per month for the period of November 1993 thru October 1994 for a total of $2,400.00.

Vernon Ravenscroft.

9 8 0 4 3 8 6 0 3 2 8

#8

# Consulting Associates, Incorporated

BOISE OFFICE —
VERNON RAVENSCROFT
HELEN CHENOWETH

PHONE (208) 345-3570
FAX (208) 345-3578
1943 BROADWAY, SUITE 102
BOISE, IDAHO 83706

November 2, 1994

Billing for ~~November~~ October expenses, use of facilities and staff.

| Item | Charge |
|---|---|
| September billing | $3,875.75 |
| Recieved on account | - $1,549.50 |
| Carry over from September billing | $2,326.25 |
| Pro-rata of months rent based upon staff occupancy (75%) | $506.25 |
| Receptionist - Pro-rata of time. (evaluation on file at C.A.) | $782.00 |
| Use of supplies, office equipment and facilities. | $187.50 |
| **Amount due November 1994 expense and labor plus carry over from September** | **$3,802.00** |

Vernon Ravenscroft

9804586032 9

Consulting Associates, Incorporated

BOISE OFFICE —
VERNON RAVENSCROFT
HELEN CHENOWETH

PHONE (208) 345-3570
FAX (208) 345-3576
1843 BROADWAY, SUITE 122
BOISE, IDAHO 83706

December 1, 1994

Billing for November expenses, use of facilities and staff.

| ITEM | CHARGE |
|---|---|
| Pro-rata of months rent based on staff occupancy. | $600.00 |
| Receptionist - pro-rata of time. (evaluation on file 90%) | $949.55 |
| V.R. pro-rata of time (50%) | $1,208.42 |
| Use of supplies, office equipment and facilities | $200.00 |
| Rental - two computers, exclusive campaign and transition use. | $200.00 |
| Amount due for November 1994 Expense and labor | $3,157.97 |

Vernon Ravenscroft

#10

# Consulting Associates, Incorporated

BOISE OFFICE
VERNON RAVENSCROFT
HELEN CHENOWETH

[illegible]
FAX [illegible] 345-2076
[illegible] BROADWAY SUITE [illegible]
BOISE, IDAHO [illegible]

December 22, 1994

Billing for December expenses, use of facilities and staff.

| ITEM | CHARGE |
|---|---|
| Pro-rata of months rent based on staff occupancy. | $600.00 |
| Receptionist - pro rata of time. (evaluation on file 90%) | $1,[illegible] |
| V.R. pro-rata of time (75%) | $1,537.50 |
| Use of supplies, office equipment and facilities | $200.00 |
| Rental - two computers, exclusive campaign and transition use. | $200.00 |
| Amount due for December 1994 Expense and labor | $3,579.5[illegible] |

Pd
ck# 2214
12-22-94

#11. file
CA - Accounts receivable

CONSULTING ASSOCIATES
JANUARY BILLING
February 3, 1995

Chenoweth for Congress
P.O. Box 897
Boise, ID 83702

| ITEM | COST |
|---|---|
| Diana Chenoweth<br>Secretarial time (50%) | $332.00 |
| Vernon Ravenscroft (15%) | $332.00 |
| Pro-rata of Rent (75%) | $506.25 |
| Computer Rental - 1 (Includes all equipment) | $100.00 |
| **TOTAL** | $1270.25 |

Please except this as your total billing for January, 1995. Billings for phone, fed-x, credit card charges, etc. will be separate and campaign can pay directly to the companies.

Thank You,

Vernon Ravenscroft
President - Consulting Associates

Pd Check received 7/20/95

also Supreme Court Copy work - Bill first received from Diane Chenoweth & Copy attached $6.75

revised total $1,277.00

V. Ravenscroft

1,277.00

9304736032

# 12-a

Consulting Associates, Incorporated

BOISE OFFICE —
VERNON RAVENSCROFT
HELEN CHENOWETH

PHONE [illegible]
FAX [illegible]
[illegible]
BOISE, IDAHO [illegible]

March 1, 1995

Alda DeArmond
Chenoweth Campaign Accounts

Dear Alda:

Please accept this letter and the attached inventory summary as Consulting Associates (C.A.) net billing for equipment transferred from C.A. to the Chenoweth campaign. The net value due C.A. from the Campaign for this specific equipment transfer is $2,028.00.

Sincerely,

Vernon Ravenscroft

Vernon Ravenscroft

Attachment

Division of Inventory
Consulting Associates
3/1/95

| No. | Item - Price | Company | CK. | Price |
|---|---|---|---|---|
| 1 | telephone 5 @ 20.00 | 100.00 | | |
| 2 | Speakers 2 @ 20.00 | 40.00 | | |
| 3. | Control 1 @ 150.00 | 150.00 | | |
| 4 | Wastebaskets 5 @ 1.00 | 3.00 | 2.00 | |
| 5 | Carpet protectors 2 @ 2.00 | 4.00 | | |
| 6 | Coat rack 1 @ 15.00 | | | |
| 7 | Desks 5 @ 35.00 | 140.00 | 35.00 | 15 |
| 8 | Chairs 1 @ 3.00 | 33.00 | | |
| 9. | Roller Chairs 4 @ 10.00 | 20.00 | 10.00 | |
| 10 | Large table 1 @ 20.00 | 20.00 | | 10 |
| 11 | Medium table 1 @ 15.00 | 15.00 | | |
| 12. | Typing table 1 @ 15.00 | 15.00 | | |
| 13 | 2 drawer file 1 @ 35.00 | 35.00 | | |
| 14 | Adding Machine 2 @ 10.00 | 20.00 | | |
| 15 | Typewriter 1 @ 75.00 | 75.00 | | |
| 16 | Computers 2 @ 400.00 | 400.00 | 400.00 | |
| | (including accessories - N.C. | N.C. | | |
| 17 | Computer HP | | | |
| | rebuilt 1 @ 800.00 | 800.00 | | |
| 18 | Pencil Sharpener 1 @ 5.00 | 5.00 | | 5.00 |
| 19 | Chest file 1 @ 35.00 | 35.00 | | |
| 20. | Book Case 2 @ 15.00 | 30.00 | | |
| 21. | White boards 2 @ 10.00 | 20.00 | | |
| 22 | File Cabinets 7 @ 50.00 | 200.00 | 150.00 | |
| 23 | End tables 2 | Exchange | | |
| 24 | Pictures (2) | Exchange | | |
| 25 | Clocks (2) | Exchange | | |
| 26 | Copier 1 @ 500.00 | 500.00 | | |
| 27 | Log Stump Small 1 @ 10.00 | 10.00 | | |
| 28 | Coffee table 1 @ 15.00 | 15.00 | | |
| 29 | Coffee Water 1 @ 5.00 | 5.00 | | |
| 30 | Conference table 1 @ 150.00 | 150.00 | | |

9 8 0 4 3 8 6 0 3 3 4

| No | Item | Price | Campaign | U.R. | Pending |
|---|---|---|---|---|---|
| 31 | Sofa & Couch | Set - 100.00 | | | 100.00 |
| 32 | Refrigerator | 1 - 50.00 | | | 50.00 |
| 33 | Map Case | 1 - 10.00 | | 10.00 | |
| 34 | Printer | 1 - 125.00 | | 125.00 | |
| 35 | Jacq. | -- 50.00 | | 50.00 | |
| 36 | Fire Key Safe | -- 10.00 | | 10.00 | |
| 37 | Library table | -- 15.00 | | | |
| 38 | Wall Shelving | -30 50.00 | | 15.00 | 15.00 |
| 39 | Box file | -18 5.00 | | 5.00 | |
| | Totals | | 2840.00 | 812.00 | 990.00 |

Summary

U.R. - " 812.00

H.C -- 812.00

Campaign

from C.A. 2840.00

Less H.C. 812.00

Net due C.A. " 2,028.00

C.A. Held for

Sale " 990 estimated

Note: A few items have been added +/or disposed in a different way as compared to the original inventory. These items are:

1. Consideration of two speaker phones
2. Library table on loan [redacted]
3. Box file added
4. Sofa & Couch placed for sale.
5. One roller chair sold.

9 8 0 4 3 8 6 0 3 3 5

# 13

VERNON RAVENSCROFT
HC60, BOX 1469
BLISS, IDAHO 83314
(208) 837-4936

May 30, 1996

James Gambrell
Campaign Manager
P.O. Box 897
Boise, Idaho 83701-0897

Dear Mr. Gambrell:

Please accept this letter as the Consulting Associates' billing for the final miscellaneous items as between Consulting Associates, Inc. and the Chenoweth Congressional Campaign. This final balance was determined via a telephone conference with Mrs. Connie Wilde in late December 1995. She issued a check for the agreed balance, but I failed to issue a corresponding billing. The error is mine and I apologize for any inconvenience or misunderstanding which that oversight has caused.

STATEMENT:

| | | |
|---|---|---|
| Tracy Mitchell computer (C.A. property transferred to Campaign 10/19/95 . . . . . | | $ 800.00 |
| Less credits issued subsequent to 12/8/94 billing: | | |
| Overpayment, 12/8/94 billing . . . . . | $ 42.02 | |
| Salvage of unused air ticket . . . . . | 152.00 | |
| Refund from U.S. West . . . . . | 64.17 | 258.19 |
| Balance paid by check #2694, issued 12/29/95 | | $ 541.81 |
| Current balance due . . . . . | | -0- |

Sincerely,

Vernon Ravenscroft

Vernon Ravenscroft, President
Consulting Associates, Inc.

9804386036

#14

October 12, 1994

To: Vernon Ravenscroft, President
Consulting Associates
1843 Broadway Ste 102
Boise, ID. 83706

Re: Percentage of time spent on campaign work.

I have examined my work schedule and for the month of September find that I spent approximately 80% of my total work hours on campaign related efforts. For our records we certainly can justify at least a 75% charge to the campaign: 132 hours @ $5.50 an hour for a total of $726.00.

Diana L. Chenoweth

Diana Chenoweth

9804386037

**BEFORE THE FEDERAL ELECTION COMMISSION**

**RESPONSE TO INTERROGATORIES AND REQUESTS FOR DOCUMENTS**

SEP 30 10 20 AM '96
RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

MUR 4283
MUR 4402
Chenoweth for Congress Committee and Wayne Crow, as treasurer

1. Please identify those individuals who worked for, volunteered for, or provided advice to the Chenoweth for Congress Committee ("Chenoweth Committee") and are best able to answer questions about the Chenoweth Committee's relationship with Consulting Associates, Inc.

RESPONSE:

This respondent does not understand what is meant by the term "relationship" as used in the above interrogatory. If the term "relationship" refers generally to the Chenoweth Committee's use of space, office equipment and supplies in Consulting Associates' offices, and Consulting Associates' provision of consulting services to the Committee, the individual best able to answer questions about the Committee's relationship with Consulting Associates is Vernon Ravenscroft.

2. On Chenoweth Committee reports filed with the Commission, the purpose lines for many disbursements to Consulting Associates are labeled "rental" or "consulting-primary." In connection with disbursements made to Consulting Associates, please separately describe what is included within the terms "rental" and "consulting." Identify the individuals responsible for deciding how to describe the purpose of the disbursements to Consulting Associates on FEC reports.

RESPONSE:

The term "rental" included use of Consulting Associates' premises, receptionist and use of Consulting Associates' office equipment, such as the adding machine, photocopier, typewriters, computer, and office supplies. The term "consulting" included campaign finance consulting, performed primarily by Vernon Ravenscroft. The individual responsible for deciding how to describe the purpose of disbursements to Consulting Associates on FEC reports was Wayne Crow.

3. Please state whether Consulting Associates permitted the Chenoweth Committee to use the facilities of Consulting Associates. If so, please provide the following information for each such facility used:

(a) The facility used by the Chenoweth Committee;

(b) Whether the use of the facility was separate from consulting services provided by Consulting Associates;

(c) The date the facility was used by the Chenoweth Committee;

(d) The date the Chenoweth Committee was billed for the use of the facility;

(e) The amount that the Chenoweth Committee was billed for the facility;

(f) How the billing amount was calculated;

(g) Provide copies of any documentation relating to the billing or relating to the use of facilities;

(h) whether the amount charged by Consulting Associates for the use of the facility corresponded to the usual amount charged for that item in the commercial market. If so, please provide documentation showing the amount charged was the usual market charge;

(i) when was the bill paid for the use of Consulting Associates' facilities; and

(j) who paid for the use of the facilities.

RESPONSE:

This respondent does not understand what is meant by the term "facilities" in the above interrogatory. If the term "facilities" means Consulting Associates' business premises, the Chenoweth Committee did use Consulting Associates' facilities. The additional information requested is as follows:

a. 1843 Broadway Avenue, Suite 102, Boise, Idaho 83706.

b. Respondent does not understand what is meant by the phrase "separate from consulting services provided by Consulting Associates." If the phrase means billed separately from Consulting Associates' consulting services, the Chenoweth Committee's use of the facilities was separate from Consulting Associates' consulting services. All billings to the Committee by Consulting Associates were itemized and separated for the Chenoweth Committee's use of Consulting Associates' space and office equipment and supplies from the charges for consulting services performed by Consulting Associates for the Chenoweth Committee.

c-f. The Chenoweth Committee's rental of space and use of office equipment and supplies in Consulting Associates' offices are set forth in Vernon Ravenscroft's responses to FEC interrogatories, previously provided by Mr. Ravenscroft to the FEC, at pages 6-7.



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g. Bills from Consulting Associates to the Chenoweth Committee are attached to the Ravenscroft responses and documents relating to Consulting Associates billings to the Chenoweth Committee for office space, equipment and supplies are being provided with these responses.

h. Yes. Vern Ravenscroft obtained written quotes for computer rentals, and charged the Chenoweth Committee the same rate as the lowest of three quotes for two computers used exclusively by the Committee during its occupancy of Consulting Associates space. The documentation of that process has been provided as Exhibit #7 to Mr. Ravenscroft's responses to FEC interrogatories. The Chenoweth Committee paid the same rent as Consulting Associates paid for its space, with the total rent paid by the Chenoweth Committee based on the proportion of space in Consulting Associates' offices used by the Committee. Vernon Ravenscroft was responsible for billing the Committee for its use of office equipment and supplies, based on his evaluation of the degree of use by the Committee and his knowledge of the cost to Consulting Associates. The Committee requested no special treatment, and to this respondent's knowledge received none, in its use of Consulting Associates' space, office equipment and supplies.

i. Payments for rent of Consulting Associates' space was made directly to the landlord from July 1993 to December 1993. From January 1994 through January 1995, Consulting Associates billed the Committee for its use of space on a monthly basis.

4. Please describe in detail all goods and services, including consulting services, provided by Consulting Associates to the Chenoweth Committee, and for each such good or service, please state:

(a) The date on which it was provided and the date on which it was billed;

(b) The amount that the Chenoweth Committee was billed for it;

(c) The date on which the Chenoweth Committee paid Consulting Associates; and

(d) Provide copies of any documents relating to the billing.

(e) If a service was provided to the Chenoweth Committee, please list all Consulting Associates' personnel who provided the service.

RESPONSE:

This respondent does not understand the meaning of the term "goods," as used in the above interrogatory. If the term "goods" means use of office space, equipment and supplies, see response to interrogatory number 3 for the details of the provision of such items and documentation of the same. With respect to the provision of services to the Chenoweth

Committee by Consulting Associates, such service can be broken into two categories: (1) consulting services, and (2) secretarial services.

a. As to consulting services: Consulting services were provided to the Chenoweth Committee principally by Vern Ravenscroft. Mr. Ravenscroft conceived and created the finance plan for the campaign following the primary, and provided ongoing campaign finance advise. His work in this regard took place from 1993, but generally between June 1994 and November 1994. This was similar to Mr. Ravenscroft and Consulting Associates work in the past. Mr. Ravenscroft is a former chairman of the Idaho State Republican Party, was a state legislator for twelve years, and ran a number of political campaigns previously. His provision of services to the Chenoweth Committee was not a departure from his usual services to other political clients. With respect to Consulting Associates' billings for these services, see Mr. Ravenscroft's responses to identical FEC interrogatories. Documents relating to Consulting Associates' billings are being provided with these responses.

b. As to secretarial services: Secretarial and receptionist services were provided substantially from approximately September 1994 through January 1995. The Chenoweth committee was billed for a pro rata portion of Diana Chenoweth's salary. Documents relating to the billings for secretarial services are being provided with these responses.

5. Explain how the relationship developed between the Chenoweth Committee and Consulting Associates; and

a. Provide any written agreement describing which services Consulting Associates would provide to the Chenoweth Committee;

b. Describe in detail any oral agreement or understanding concerning the provision of services by Consulting Associates to the Chenoweth Committee; and

c. State when the relationship commenced and concluded.

RESPONSE:

This respondent does not understand what is meant by the term "relationship," or the phrase "how the relationship developed," as used in the above interrogatory. If the term "relationship" means the manner in which the Chenoweth Committee used, was billed for and paid for space, office equipment and supplies in Consulting Associates' offices, no written agreement exists between the Committee and Consulting Associates, nor was there any specific and detailed oral agreement regarding the "relationship" between the two. The description in the Ravenscroft responses (at pp. 4-6) of the evolution of the "relationship" between the Committee and Consulting Associates is accurate. The "relationship" concluded largely by November 8, 1994, the date of the general election, and certainly by December 1995, when the Committee paid off the last amounts owing to Consulting Associates and Consulting Associates had ceased

doing business. With respect to consulting services provided by Consulting Associates to the Committee, again, no written or specific oral agreement existed, but Consulting Associates provided campaign finance consulting services to the Committee on an as-needed basis, and billed and was paid for its services accordingly.

6. State whether the services provided to the Chenoweth Committee by Vernon Ravenscroft, Diana Chenoweth, and any other Consulting Associates' employee, other than Helen Chenoweth, were provided pursuant to an agreement and provide a copy of any such agreement.

RESPONSE:

This respondent does not understand the meaning of the term "agreement" as used in the above interrogatory. If the term "agreement" means a written agreement, the answer is no.

7. Please identify each account, loan, line of credit, or other banking activity the Chenoweth Committee has had with West One Bank. For each, please provide the following information:

a. List the date each account, loan, line of credit, or credit card was opened or obtained;

b. List the date each account, loan, line of credit, or credit card was closed, paid off, or canceled; and

c. Provide the terms for each loan or line of credit.

RESPONSE:

The description of the Chenoweth Committee's accounts contained in West One Bank Idaho's responses to FEC interrogatories is accurate.

8. Regarding the FEC C-1 report signed by Wayne Crow on January 30, 1995, describe any conversations the Chenoweth Committee had with West One Bank regarding the C- 1. Please identify all individuals associated with the Chenoweth Committee who were responsible for filling out and or reviewing the information on the C-1.

RESPONSE:

The respondent cannot remember any conversation with West One Bank employees regarding C-1, but does not dispute the description of a short conversation between Wayne Crow and Jerry Wray, contained in West One Bank Idaho's responses. Wayne Crow was responsible for filling out and reviewing information on the C-1.

STATE OF IDAHO )
: ss.
County of Ada )

Wayne Crow, being first duly sworn, upon oath, deposes and says:

That he has read the foregoing Responses to FEC MUR 4283 and MUR 4402 and knows the contents thereof and that the same are true as he verily believes.

Wayne Crow

Wayne Crow

SUBSCRIBED AND SWORN to before me this 26 day of September, 1996.

Sandi Ann Pettinger

Notary Public for Idaho
Residing at Boise, Idaho
My Commission Expires: 6-6-2002

(SEAL)

2304786343

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
Oct 2 12 03 PM '96

**BEFORE THE FEDERAL ELECTION COMMISSION**

**RESPONSES TO INTERROGATORIES**
**AND REQUESTS FOR DOCUMENTS**

MUR 4283
MUR 4402
Helen Chenoweth

1. With regard to your banking history with West One Bank, please provide the following information:

a. State the length of time you have been a customer of West One Bank or its predecessors in interest;

b. Please identify each account, credit card, or other banking transaction (besides a loan or line of credit) that you have had with West One Bank. For each, please provide the following information:

i. List the date each account, credit card, or other banking transaction was opened, obtained, or took place; and

ii. List the date each account, credit card, or other banking transaction was closed, paid off, or canceled.

c. State whether you had a bank account in your name with West One Bank on either November 22, 1994 or on October 20, 1995 or both. If so, please provide the balance of each such account held in your name for both dates:

d. Please list and describe all loans (including a line of credit or any loans that you guaranteed) you have received from West One Bank or any other lending institution since 1989, in either a personal capacity or professional capacity as an officer of Consulting Associates, Inc. Please provide copies of all promissory notes and all other documents memorializing the loans or used to obtain them. For each such loan, describe the collateral which was used to secure it;

e Please identify each person (including loan officers, supervisors, managers, and any other person) associated with West One Bank with whom you discussed either the loan obtained on November 23, 1994 or the loan obtained on November 8, 1995 and describe the nature of the discussion;

f. Please provide the following information relating to the 1994 loan with West One Bank:

i. Please list the dates on which loan payments for the 1994 loan were due;

ii. Please provide copies of checks (front and rear) used to pay interest and principal for the 1994 loan; and

iii. Please identify the source of the money used to pay off the 1994 bank loan.

RESPONSE:

a-d. The information contained in West One Bank Idaho's response to identical FEC interrogatories 1(a)-(d) propounded to it, regarding my banking history with West One, appears to be accurate.

e. With respect to the loan I obtained on November 23, 1994, I spoke with Jerry Wray on November 21, 1994, and with Jerry Wray and Kerry Quinn on November 23, 1994. My discussion with Jerry Wray was brief, and involved the information the bank needed from me to make the loan. I explained to him that the loan was needed to cover outstanding bills from the campaign, and to cover expenses of my transition into office, since I would not receive a paycheck as a member of Congress until the end of January in 1995. My conversation with Mr. Wray and Kerry Quinn on November 23, 1994 was very brief, as the loan was funded at that time. Ms. Quinn took me through the loan papers, interest rate and charges applicable to the loan.

With respect to the loan I obtained on November 8, 1995, I did not speak with anyone at West One Bank Idaho. I understand that John Keenan, my attorney, dealt only with Jerry Wray of West One in arranging the loan.

f. (i)-(ii). The information provided in West One Bank Idaho's response to FEC interrogatory 3(e)-(f) propounded to it, regarding the due dates and amounts of payments on the November 1994 loan, appears to be accurate. As far as I know, all of the payments were timely, and we even paid the loan principal down ahead of the payment schedule. Copies of the checks for the payments made prior to the refinance in November 1995 are being provided with these responses.

(iii) Initial payments on the November 1994 loan were made with campaign contributions. The loan was paid off via the refinance and new loan by West One in November 1995.

2. With regard to your relationship with Consulting Associates, Inc., please provide the following information:



9 8 0 4 3 8 6 0 3 4 5

a. For each year from 1990 through 1993, please state your salary and please describe any non-salary payments you received from Consulting Associates;

b. List each period from 1990 through 1993 when you did not work full time on behalf of Consulting Associates and state why you did not work full time.

c. For each month from January 1, 1994 to the present, please state your salary received from Consulting Associates and please describe any non-salary payments you received from Consulting Associates. Estimate the number of hours you worked on behalf of Consulting Associates and the number of hours you worked on campaign related activities in each such month.

d. Please describe any formal or informal arrangement between you and Consulting Associates, or between you and Vernon Ravenscroft, which states how your Consulting Associates salary or other non-salary payments were derived. State whether your salary was based on the number of hours you worked for Consulting Associates, based on a percentage of Consulting Associates' profits, or based on some other formula. If your salary was based on some other formula, please describe that formula. Please provide a copy of any formal agreement, or any other document that relates to the amount of salary or other payments you received from Consulting Associates.

e. According to financial disclosure forms filed in your name with the U.S. House of Representatives, you received payments from Consulting Associates totaling $25,350 in 1992 and 1993, and $23,450 for the period January 1, 1994 through May 15 of 1994. Please explain why you received almost the same amount of income from Consulting Associates during the first quarter of 1994 you received for all of 1992 and 1993.

9 8 0 4 3 8 6 0 3 4 6

RESPONSE:

a. Please see attached income tax returns for 1990-1993. Non-salary payments included bonuses and reimbursements for business expenses. Note that the amounts stated by Vern Ravenscroft in his response to an identical FEC interrogatory regarding my 1990-1993 income from Consulting Associates is inaccurate, and appears to count bonus payments twice. My bonuses were included in the gross amounts listed by Mr. Ravenscroft under "salary." My gross income from Consulting Associates, including salary and bonus payments, was as follows:

1990:
1991:
1992:
1993:

b. This respondent does not understand the meaning of the term "full time" as used in the above interrogatory. If the term "full time" means a forty-hour work week, the answer is none. I worked full-time on Consulting Associates business from 1990 through 1993.

c. My monthly income from Consulting Associates from January 1994 to the present was as follows:

January 1994:
February 1994:
March 1994:
April 1994:
May 1994:
June 1994:
July 1994:
August:
September:

I received no salary or bonus payments from Consulting Associates after September 1994. I received a payment of approximately when Consulting Associates was finally dissolved and liquidated.

While it is difficult to give an exact description of my time spent on Consulting Associates business and campaigning for each month in 1994, I estimate that from January 1994 through March 1994, I worked approximately 60 hours per week on Consulting Associates business, while campaigning evenings and weekends. From April 1994 through July 1994, I estimate that I worked approximately 40 hours per week on Consulting Associates business, and an equal amount of time campaigning. In August 1994, because the congressional race was becoming more heated and because Vern Ravenscroft and I were winding down Consulting Associates, I switched my focus and worked most of the time, appoximately 80 hours per week, campaigning. However, I spent what little extra time I had available time doing final work for my main client at Consulting Associates, for which neither I nor Consulting Associates received any substantial payments. Most of my income for 1994 was generated, and paid, prior to August of 1994, when Consulting Associates began billing the Chenoweth Committee for its campaign finance consulting work.

d. The information provided in Mr. Ravenscroft's response to FEC interrogatories regarding our salary arrangement is correct. We informally determined appropriate salaries and bonuses over time during our 16-year business relationship, without applying a specific formula. We considered, at various times, all relevant factors, including time worked, client satisfaction and results achieved, and revenue produced.

e. The suggestion by the FEC's legal staff that I received a disproportionately large salary for 1994 from Consulting Associates given my campaign activities later in the year is simply wrong. Likewise, State Democratic Party Chairman Mauk's



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suggestion that I somehow funneled campaigns funds to my personal use through Consulting Associates billings to the Chenoweth Committee is offensive and has absolutely no basis in fact. I put in a substantial amount of time on Consulting Associates business until August of 1994, while also somehow finding nearly as much time to campaign evenings and weekends. Between Consulting Associates business and campaigning, it was not unusual for my workday to reach sixteen or eighteen hours. After that point, while I campaigned more intensively, I also worked on final Consulting Associates business. Most of my pay for 1994 came from services billed and paid for by July 1994 or earlier, before Consulting Associates began billing the Chenoweth Committee for its campaign finance consulting work, which was performed principally by Vern Ravenscroft. Because we were winding down Consulting Associates, other income came from collection of outstanding receivables and extraordinary one-time payments, such as those described in Mr. Ravenscroft's responses to FEC interrogatories on the same subject. The bonus payments I received in the first quarter of 1994 were directly related to the liquidation of Consulting Associates' business and my work during that time. The bonus income came months before Consulting Associates billed and was paid by the Chenoweth Committee for its campaign finance consulting work, and have no relationship whatsoever to those billings and payments. In fact, I received *no* salary or bonus payments from Consulting Associates after September 1994, during the time when the Chenoweth Committee was paying for Consulting Associates services.

3. Please provide copies of your federal tax returns for the years 1992 through 1995.

RESPONSE:

The requested returns are being provided with these responses.

4. Please state whether Consulting Associates permitted the Chenoweth Committee, or you in your capacity as candidate for Congress, to use the facilities of Consulting Associates. If so, please provide the following information for each such facility:

a. The facility used by the Chenoweth Committee;

b. Whether the use of the facility was separate from consulting services provided by Consulting Associates;

c. The date the facility was used by the Chenoweth Committee;

d. The date the Chenoweth Committee was billed for the use of the facility;

e. The amount that the Chenoweth Committee was billed for the facility;

f. How the billing amount was calculated;

g. Provide copies of any documentation relating to the billing or relating to the use of facilities;

h. Whether the amount charged by Consulting Associates for the use of the facility corresponded to the usual amount charged for that item in the commercial market. If so, please provide documentation showing the amount charged was the usual market charge;

i. When was the bill paid for the use of Consulting Associates' facilities and

j. Who paid for the use of the facilities

RESPONSE:

This respondent does not understand the meaning of the term "facility" or the phrase "separate from consulting services," as used in the above interrogatories. See the response of Wayne Crow, treasurer of the Chenoweth Committee, to identical FEC interrogatories, and the responses of Vernon Ravenscroft to identical FEC interrogatories. The information provided in those responses appears to be accurate.

5. Please describe in detail all goods and services, including consulting services, provided by Consulting Associates, as a vendor to the Chenoweth Committee, and/or to you in your capacity as candidate for Congress and for each such good or service, please state:

a. The date on which it was provided and the date on which it was billed;

b. The amount that the Chenoweth Committee was billed for it;

c. The date on which the Chenoweth Committee paid Consulting Associates;

d. Provide copies of any documents relating to the billing.

e. For each service provided to the Chenoweth Committee, please list all Consulting Associates' personnel who provided the service.

RESPONSE:

See the responses of Mr. Crow and Mr. Ravenscroft to identical FEC interrogatories. The information contained in those responses appears to be accurate.

6. State whether Consulting Associates extended credit to clients other than the Chenoweth Committee. If so, please provide the following information:

a. What was Consulting Associates' normal practice on providing extensions of credit to clients;

b. What was Consulting Associates' standard billing cycle for services provided to clients; and



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c. List all instances between 1993 and 1995 when Consulting Associates extended credit to non-Chenoweth Committee clients for travel expenses.

RESPONSE:

Yes. See the response of Mr. Ravenscroft to identical FEC interrogatories. The information contained in those responses appears to be accurate.

7. State whether any of Consulting Associates' clients, other than the Chenoweth Committee, have used the facilities of Consulting Associates. If so, please state:

a. All clients who used the facilities of Consulting Associates;

b. All clients who were candidates for public office who used the facilities of Consulting Associates.

c. Which facilities were used by each client; and

d. How much each client was charged for each facility used.

RESPONSE:

Yes. See the responses of Mr. Ravenscroft to identical FEC interrogatories. The information contained in those responses is correct. With respect to secretarial services in particular, while the Chenoweth Committee was charged at a different rate for secretarial services than other clients were charged for incidental use of secretaries (i.e., up to a few hours), the Chenoweth Committee was in long-term residence at Consulting Associates' office, used secretarial resources heavily, and paid a pro-rata share of Consulting Associates' rent. Because of the extent of use involved, a different arrangement, under which Committee paid for the actual cost of the secretarial services, was warranted. Had the Committee hired its own secretary to work at the Consulting Associates offices, the expense would be similar to that actually charged to the Committee by Consulting Associates. Consulting Associates did not contribute unpaid or subsidized secretarial services to the Committee.

8. State whether the services provided to the Chenoweth Committee by Vernon Ravenscroft, Diana Chenoweth, and any other Consulting Associates' employee, other than you, were provided pursuant to an agreement and provide a copy of any such agreement.

RESPONSE:

This respondent does not understand the meaning of the term "agreement" as used in the above interrogatory. If the term "agreement" means a written agreement, the answer is no.

9. State whether Consulting Associates provided services to other, non-Chenoweth Committee clients, pursuant to consulting agreement and provide copies of all such agreements entered into between 1993 and 1995.



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RESPONSE:

This respondent does not understand the term "consulting agreement" as it is used in the above interrogatory. If the term "consulting agreement" means a written agreement for services, no such agreements were entered into between 1993 and 1995. See the response of Mr. Ravenscroft to an identical FEC interrogatory. The information contained in that response appears to be accurate.

10. Please provide the following information about *Consulting Associates:*

a. For the period from 1990 to the present, please state all owners and officers of Consulting Associates. Please describe any changes that took place in the ownership or control of Consulting Associates during that period;

b. Please state whether at any time between January 1, 1993 and the present Consulting Associates received the sub-chapter S tax status under the Internal Revenue Code. If so, please provide documentation from the Internal Revenue Service evidencing this sub-chapter S status;

c. Please provide copies of Consulting Associates' federal tax return statements for the years 1990 to the present;

d. Please identify the owner of the building at 1843 Broadway, Boise, Idaho occupied by Consulting Associates from 1993 to 1995 and state the amount of rent paid by Consulting Associates;

e. Please list all persons employed by Consulting Associates from 1993 to 1995, other than you, and state the salary or wage paid to each individual;

f. Please state whether you were personally liable for Consulting Associates rent or any other obligations between 1994 and 1995.

g. Please state whether Consulting Associates retains its corporate status under Idaho law. If not, please provide the following information:

i. When and why Consulting Associates ceased operations;

ii. How its assets were divided up among its shareholders; and

iii. List any payments you received in connection with this shut down;

iv. List any debts Consulting Associates owed at the time of the shut down and state to whom any such debts are owed;



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v. Who is responsible for any remaining debts of Consulting Associates; and

vi. Who retains the corporate records of Consulting Associates;

h. Who, other than yourself, is best able to answer questions about Consulting Associates' bills, billing practices, and/or services provided to clients

RESPONSE:

See the responses of Mr. Ravenscroft to identical FEC interrogatories. The information contained in those responses is accurate. In addition, I received a payment of approximately on the final dissolution of Consulting Associates in 1996.

STATE OF IDAHO )
: ss
County of Ada )

Helen Chenoweth, being first duly sworn, upon oath, deposes and says:

That she has read the foregoing Responses to FEC MUR 4283 and MUR 4402 and knows the contents thereof and that the same are true as she verily believes.

Helen Chenoweth

SUBSCRIBED AND SWORN to before me this _____ day of October, 1996.

Notary Public for Idaho
Residing at _____, Idaho
My Commission Expires: _____

(SEAL)

**BEFORE THE FEDERAL ELECTION COMMISSION**

| | | |
|---|---|---|
| In the Matter of | ) | |
| | ) | |
| | ) | ENFORCEMENT PRIORITY **SENSITIVE** |
| | ) | |

**GENERAL COUNSEL'S REPORT**

## I. INTRODUCTION.

The cases listed below have been identified as either stale or of low priority based upon evaluation under the Enforcement Priority System (EPS). This report is submitted to recommend that the Commission no longer pursue these cases.

This is the first Enforcement Priority Report that reflects the impact of the 1996 election cycle cases on the Commission's enforcement workload. We have identified cases that are stale which are recommended for dismissal at this time. This is the highest number of cases identified as stale in a single report, and the highest number of stale cases recommended for closure at one time, since the inception of EPS in 1993.

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## II. CASES RECOMMENDED FOR CLOSURE.

### A. Cases Not Warranting Further Action Relative to Other Cases Pending Before the Commission

EPS was created to identify pending cases which, due to the lower priority of the issues raised in the matters relative to others presently pending before the Commission, do not warrant further expenditure of resources. Central Enforcement Docket (CED) evaluates each incoming matter using Commission-approved criteria, resulting in a numerical rating for each case.

Closing such cases permits the Commission to focus its limited resources on more important cases presently pending before it. Based upon this review, we have identified cases that do not warrant further action relative to other pending matters.[3] Attachment 1 to this report contains summaries of each case, the EPS rating, and the factors leading to assignment of a low priority and recommendation not to further pursue the matter.

### B. Stale Cases

Effective enforcement relies upon the timely pursuit of complaints and referrals to ensure compliance with the law. Investigations concerning activity more remote in time usually require a greater commitment of resources, primarily due to the fact that the evidence of such activity becomes more difficult to develop as it ages. Focusing investigative efforts on more recent and more significant activity also has a more positive effect on the electoral process and the regulated community. In recognition of this fact, EPS provides us with the

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[3] These cases are: RAD 97L-10 (*Citizens for Randy Borow*); RAD 97L-16 (*Republican State Central Committee of South Dakota*); Pre-MUR 347 (*Producers Lloyds Insurance Company*); Pre-MUR 348 (*Peoples National Bank of Commerce*); Pre-MUR 349 (*Trump Plaza*); Pre-MUR 350 (*Citibank, N.A.*); Pre-MUR 355 (*Feingold Senate Committee*); MUR 4494 (*Georgianna Lincoln*); MUR 4586 (*Friends of Zach Wamp*); MUR 4590 (*Oklahoma Education Association*); MUR 4600 (*San Diego Police Officers Assoc.*); MUR 4612 (*Teresa Doggett for Congress*); MUR 4615 (*Catholic Democrats for Christian Values*); MUR 4616 (*American Legislative Exchange Council*); MUR 4620 (*Eastern Connecticut Chamber of Commerce*), MUR 4622 (*Telles for Mayor*); MUR 4628 (*Gutknecht for Congress*); MUR 4629 (*Janice Schakowsky*); MUR 4636 (*IBEW Local 505*); MUR 4637 (*Dettman for Congress*); MUR 4639 (*Larson for Congress*); MUR 4641 (*Becker for Congress*); MUR 4644 (*Detroit City Council*); MUR 4651 (*Mike Ryan*); MUR 4653 (*Pritzker for Congress*); MUR 4656 (*H. Carroll for Congress*); and MUR 4657 (*Buchanan for President*).

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means to identify those cases which, though earning a higher rating when received, remained unassigned for a significant period due to a lack of staff resources for effective investigation. The utility of commencing an investigation declines as these cases age, until they reach a point when activation of a case would not be an efficient use of the Commission's resources.

We have identified cases that have remained on the Central Enforcement Docket for a sufficient period of time to render them stale. We are recommending the closure of cases based on staleness.[6]

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[6] These cases are: MUR 4283 (*Chenoweth for Congress*); MUR 4341 (*Juan Soliz for Congress*); MUR 4402 (*U.S. Representative Helen Chenoweth*); MUR 4435 (*Lincoln for Congress*); MUR 4439 (*UAW*); MUR 4442 (*Lipinski for Congress*); MUR 4444 (*Roberts for Congress*); MUR 4445 (*Randy Tate for Congress*); MUR 4446 (*Clinton/Gore '96 Primary*); MUR 4447 (*Random House, Inc.*); MUR 4449 (*Clinton Administration*); MUR 4453 (*Mike Ward for Congress*); MUR 4454 (*Ralph Nader*); MUR 4459 (*Clinton/Gore '96*); MUR 4474 (*Salvi for Senate*); MUR 4477 (*BBDO-New York*); MUR 4481 (*Diamond Bar Caucus*); MUR 4485 (*Perot '92 Petition Committee*); MUR 4486 (*Bunda for Congress*); MUR 4495 (*Pennsylvania PACE for Federal Elections*); MUR 4496 (*Norwood for Congress*); MUR 4497 (*Pease for Congress*); MUR 4510 (*Stabenow for Congress*); MUR 4511 (*Bob Coffin for Congress*); MUR 4514 (*Friends for Franks*); MUR 4515 (*Clinton Investigative Commission*); MUR 4521 (*WMAL 630 AM*); MUR 4525 (*Senator Larry Pressler*); MUR 4527 (*Brown for Senate*); MUR 4536 (*Signature Properties, Inc.*); MUR 4540 (*Tim Johnson for SD*); MUR 4542 (*Dan Frisa for Congress*); MUR 4552 (*Charles W. Norwood*); MUR 4554 (*John Byron for Congress*); MUR 4556 (*Jim Wiggins for Congress*); MUR 4561 (*Jay Hoffman for Congress*); MUR 4564 (National Republican Congressional Committee); MUR 4567 (DNC Services Corp.); MUR 4569 (McGovern Committee); RAD 96L-11 (*New York Republican County Committee*); Pre-MUR 343 (*NRSC*); and Pre-MUR 312 (*Joseph Demio*). The *Demio* case involves fundraising related to former Congresswoman Mary Rose Oakar's 1992 congressional campaign. It was held as a courtesy to the Department of Justice pending resolution of a parallel criminal matter in the District Court for the District of Columbia. Mr. Demio recently entered into a plea agreement with the Department of Justice (on which we were not consulted) in which he agreed, among other things, to waive the statute of limitations regarding civil violations of the FECA. Considering the age of the case and activity, the fact that DOJ has not formally referred this matter to us, and the Commission's continuing resource constraints, dismissal is the appropriate disposition of this matter.

We recommend that the Commission exercise its prosecutorial discretion and direct closure of the cases listed below, effective November 17, 1997. Closing these cases as of this date will permit CED and the Legal Review Team the necessary time to prepare closing letters and case files for the public record.

## III. RECOMMENDATIONS.

A. Decline to open a MUR, close the file effective November 17, 1997, and approve the appropriate letters in the following matters:

| | | |
|---|---|---|
| RAD 96L-11 | Pre-MUR 312 | Pre-MUR 349 |
| | Pre-MUR 343 | Pre-MUR 350 |
| RAD 97L-10 | Pre-MUR 347 | Pre-MUR 355 |
| RAD 97L-16 | Pre-MUR 348 | |

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B. Take no action, close the file effective November 17, 1997, and approve the appropriate letters in the following matters:

| | | |
|---|---|---|
| MUR 4283 | MUR 4495 | |
| MUR 4341 | MUR 4496 | MUR 4569 |
| MUR 4402 | MUR 4497 | MUR 4586 |
| MUR 4435 | MUR 4510 | MUR 4590 |
| MUR 4439 | MUR 4511 | MUR 4600 |
| MUR 4442 | MUR 4514 | MUR 4612 |
| MUR 4444 | MUR 4515 | MUR 4615 |
| MUR 4445 | | MUR 4616 |
| MUR 4446 | MUR 4521 | MUR 4620 |
| MUR 4447 | MUR 4525 | MUR 4622 |
| MUR 4449 | MUR 4527 | MUR 4628 |
| MUR 4453 | MUR 4536 | MUR 4629 |
| MUR 4454 | MUR 4540 | MUR 4636 |
| MUR 4459 | MUR 4542 | MUR 4637 |
| MUR 4474 | MUR 4552 | MUR 4639 |
| MUR 4477 | MUR 4554 | MUR 4641 |
| MUR 4481 | MUR 4556 | MUR 4644 |
| MUR 4485 | MUR 4561 | MUR 4651 |
| MUR 4486 | | MUR 4653 |
| | MUR 4564 | MUR 4656 |
| MUR 4494 | MUR 4567 | MUR 4657 |

7/97
Date

Lawrence M. Noble
General Counsel

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BEFORE THE FEDERAL ELECTION COMMISSION

| | | |
|---|---|---|
| In the Matter of | ) | |
| | ) | Agenda Document No. X97-77 |
| Enforcement Priority | ) | |

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on December 2, 1997, do hereby certify that the Commission took the following actions with respect to Agenda Document No. X97-77:

1. Decided by a vote of 5-0 to

   A. Decline to open a MUR, close the file effective December 15, 1997, and approve the appropriate letters in the following matters:

| | | | |
|---|---|---|---|
| 1. | RAD 96L-11 | 7. | Pre-MUR 347 |
| | | 8. | Pre-MUR 348 |
| 3. | RAD 97L-10 | 9. | Pre-MUR 349 |
| 4. | RAD 97L-16 | 10. | Pre-MUR 350 |
| 5. | Pre-MUR 312 | 11. | Pre-MUR 355 |
| 6. | Pre-MUR 343 | | |

   B. Take no action, close the file effective December 15, 1997, and approve the appropriate letters in the following matters:

| | | | |
|---|---|---|---|
| 1. | MUR 4283 | 6. | MUR 4442 |
| 2. | MUR 4341 | 7. | MUR 4444 |
| 3. | MUR 4402 | 8. | MUR 4445 |
| 4. | MUR 4435 | 9. | MUR 4446 |
| 5. | MUR 4439 | 10. | MUR 4447 |

(continued)

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| 11. | MUR 4449 | 36. | MUR 4556 |
| 12. | MUR 4453 | 37. | MUR 4561 |
| 13. | MUR 4454 | 38. | MUR 4564 |
| 14. | MUR 4459 | 39. | MUR 4567 |
| 15. | MUR 4474 | 40. | MUR 4569 |
| 16. | MUR 4477 | 41. | MUR 4586 |
| 17. | MUR 4481 | 42. | MUR 4590 |
| 18. | MUR 4485 | 43. | MUR 4600 |
| 19. | MUR 4486 | 44. | MUR 4612 |
| 20. | MUR 4494 | 45. | MUR 4615 |
| 21. | MUR 4495 | 46. | MUR 4616 |
| 22. | MUR 4496 | 47. | MUR 4620 |
| 23. | MUR 4497 | 48. | MUR 4622 |
| 24. | MUR 4510 | 49. | MUR 4628 |
| 25. | MUR 4511 | 50. | MUR 4629 |
| 26. | MUR 4514 | 51. | MUR 4636 |
| 27. | MUR 4515 | 52. | MUR 4637 |
| 28. | MUR 4521 | 53. | MUR 4639 |
| 29. | MUR 4525 | 54. | MUR 4641 |
| 30. | MUR 4527 | 55. | MUR 4644 |
| 31. | MUR 4536 | 56. | MUR 4651 |
| 32. | MUR 4540 | 57. | MUR 4653 |
| 33. | MUR 4542 | 58. | MUR 4656 |
| 34. | MUR 4552 | 59. | MUR 4657 |
| 35. | MUR 4554 | | |

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

Attest:

12-4-97
Date

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

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

December 15, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

William L. Mauk, Chair
Idaho Democratic Party
P.O. Box 445
Boise, ID 83701

RE: MUR 4283

Dear Mr. Mauk:

On November 23, 1995, the Federal Election Commission received your complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act").

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action in the matter. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in this matter on December 15, 1997. This matter will become part of the public record within 30 days.

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

Sincerely,

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 15, 1997

John C. Keenan, Esq.
Goicoechea Law Offices
P.O. Box 340
Nampa, ID 83653

RE: MUR 4283
Honorable Helen P. Chenoweth, Chenoweth for Congress Committee, and Richard W. Jackson, Treasurer

Dear Mr. Keenan:

On November 29, 1995, the Federal Election Commission notified your clients of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against your clients. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in this matter on December 15, 1997.

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

If you have any questions, please contact Jennifer H. Boyt on our toll-free number, (800)-424-9530. Our local number is (202) 219-3690.

Sincerely,

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 15, 1997

Frank M. Northam, Esq.
Webster, Chamberlain & Bean
1747 Pennsylvania Ave., NW
Suite 1000
Washington, DC 20006

RE: MUR 4283
West One Bank

Dear Mr. Northam:

On November 29, 1995, the Federal Election Commission notified your client of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against your client. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in this matter on December 15, 1997.

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

If you have any questions, please contact Jennifer H. Boyt on our toll-free number, (800)-424-9530. Our local number is (202) 219-3690.

Sincerely,

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 15, 1997

Helen Chenoweth, Registered Agent
Consulting Associates Incorporated
1843 Broadway, #102
Boise, ID 83706

RE: MUR 4283

Dear Ms. Chenoweth:

On January 23, 1996, the Federal Election Commission notified you of an amendment to a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint and amendment was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against Consulting Associates Incorporated. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in this matter on December 15, 1997.

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

If you have any questions, please contact Jennifer H. Boyt on our toll-free number, (800)-424-9530. Our local number is (202) 219-3690.

Sincerely,

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 4283

DATE FILMED 1/16/98 CAMERA NO. 2

CAMERAMAN EES

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