



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 4413

DATE FILMED 4-28-97 CAMERA NO. 1

CAMERAMAN JMW

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## FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 29, 1993

MEMORANDUM

TO: LAWRENCE M. NOBLE  
GENERAL COUNSEL

THROUGH: JOHN C. SURINA  
STAFF DIRECTOR

FROM: JOHN D. GIBSON  
ASSISTANT STAFF DIRECTOR  
REPORTS ANALYSIS DIVISION

SUBJECT: REFERRAL OF THE NEW YORK REPUBLICAN FEDERAL CAMPAIGN  
COMMITTEE

This is a referral of the New York Republican Federal Campaign Committee ("the Federal Committee"). The Federal Committee's non-federal account paid a total of \$157,599.33 of the federal share of allocated expenses during calendar years 1991 and 1992. Of this total \$39,405.29 was directly paid by the non-federal account, \$37,953.62 was transferred from the non-federal account to the Federal Committee and \$60,240.42 in debts owed to the non-federal account by the Federal Committee were forgiven. These figures are based on the Committee's calculations.

According to the 1991-1992 RAD Review and Referral Procedures for Unauthorized Committees (Standard 14), this matter requires further examination by your office.

For activity occurring in calendar year 1991, committees are not referred under Standard 14 as long as a good faith effort is made to comply with the new allocation regulations. The Federal Committee explained to the Commission, via several letters addressed to and telephone conversations with Reports Analysis Division ("RAD") analysts, its attempts to comply with the allocation regulations during the 1991 Mid-Year and Year End reporting periods. According to the Federal Committee, from January through June 1991 the State Committee paid all administrative and fundraising expenses. To remedy the situation, the Federal Committee declared a debt of \$102,939 owed to the State Committee for the 1991 Mid-Year reporting period. Debt payments totalling \$11,242.15 and an "adjustment" totalling \$59,759.58 to the State Committee were disclosed on the 1992 April and July Quarterly Reports. The Federal Committee's 1993 Mid-Year Report disclosed an additional transfer of \$16,681.90 from the non-federal account to pay a portion of the Federal Committee's share of allocated expenses. The additional transfer amount represented the repayment of a loan owed by the State Committee.

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If you have any questions regarding this matter, please  
contact Donald Averett at 219-3580.

Attachment

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## REPORTS ANALYSIS REFERRAL

TO

OFFICE OF GENERAL COUNSEL

DATE: October 29, 1993

ANALYST: DONALD AVERETT

I. COMMITTEE: New York Republican Federal Campaign  
Committee (C00055582)  
Lewis Bart Stone, Treasurer  
c/o Rogers & Wells  
200 Park Avenue  
New York, NY 10166

II. RELEVANT STATUTE: 11 CFR §106.5(a)

## III. BACKGROUND:

Failure to Properly Pay for Shared Federal and Non-Federal Activity

The New York Republican Federal Campaign Committee ("the Federal Committee") failed to properly pay for shared Federal and non-Federal activity during calendar year 1992. The Federal Committee's non-federal account, the New York Republican State Committee ("the State Committee") paid a total of \$157,599.33 of the federal share of allocated expenses. Of this total, \$39,405.29 was directly paid by the State Committee, \$37,953.62 was transferred from the State Committee to the Federal Committee and \$80,240.42 in debts owed to the State Committee by the Federal Committee were forgiven.

Schedule C of the Federal Committee's Amended 1992 October Quarterly Report (Attachment 2) and 1992 12 Day Pre-General Report (Attachment 3) disclosed loans to the State Committee. These newly incurred loans appeared to represent the State Committee's share of allocable expenses which had not yet been transferred to the Federal Committee.

Attachments to Schedule C of the 1992 30 Day Post-General Report disclosed loans totalling \$174,281.23. These attachments indicated that the State Committee paid employees and vendors \$39,405.29 of the Federal Committee's share of administrative expenses. These payments were made as a partial repayment of the outstanding loans (Attachment 4).

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NEW YORK REPUBLICAN FEDERAL  
CAMPAIGN COMMITTEE  
REPORTS ANALYSIS OGC REFERRAL  
PAGE 2

On June 2, 1993, a Request for Additional Information ("RFAI") was sent to the Federal Committee referencing the 1992 30 Day Post-General Report. The RFAI advised the Federal Committee that they appeared to have violated the requirements of the allocation regulations and instructed them to reimburse the State Committee for the federal share of any allocable expenses which were not paid by the Federal Committee (Attachment 5).

On June 16, 1993, the Commission received an inadequate response to RFAIs dated June 2, 1993. The Committee's treasurer explained the reason for the delay in responding to the Commission's requests and stated that responses were forthcoming (Attachment 6). On June 24, 1993, the Federal Committee was sent a Second Notice advising it that the Commission had not received a response to the RFAI (Attachment 7).<sup>1/</sup>

On July 8, 1993, the Federal Committee submitted an Amended 1992 30 Day Post-General Report. The amendment included a cover letter which indicated that the Federal Committee had paid 100% of some allocable expenses and that the State Committee's share of those expenses was disclosed as a loan from the Federal Committee to the State Committee. The amendment failed to address the State Committee's payment of expenses allocated to the Federal Committee (Attachment 8).

The above referenced cover letter was a reiteration of a cover letter which was filed with the 1992 Year End Report. The cover letter further stated that the State Committee paid administrative expenses as a means of offsetting loans owed to the Federal Committee (Attachment 9). In addition, the 1992 Year End Report indicated that the Federal Committee received transfers totalling \$37,953.62 from the State Committee to pay for the Federal share of allocated expenses during the reporting period. The amount represented the repayment of a loan owed to the Federal Committee (Attachment 10).

The 1992 Year End Report further disclosed that \$80,240.42 in debts owed to the State Committee were forgiven as an offset to the loans owed to the Federal Committee by the State Committee. The debts owed to the State Committee consisted of \$48,303.15 for administrative expenses incurred

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<sup>1/</sup> The analyst has no record of the phone conversation referenced in the letter dated June 14, 1993 and the Second Notice sent June 24, 1993 should have acknowledged the inadequate response.

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prior to January 1, 1991 and an outstanding balance of \$31,937.27 for allocable expenses which were improperly paid by the State Committee during the period January 1991 through June 1991 (Attachment 11).

On June 2, 1993, an RFAI was sent to the Federal Committee referencing the 1992 Year End Report. The RFAI advised the Federal Committee that it appeared to be in violation of the requirements of the allocation regulations and advised them to reimburse the State Committee for the Federal share of any allocable expenses which were not paid by the Federal Committee (Attachment 12).

On June 24, 1993, the Federal Committee was sent a Second Notice advising it that the Commission had not received a response to the RFAI (Attachment 7).<sup>2/</sup>

On July 8, 1993, the Federal Committee submitted an Amended 1992 Year End Report. The amendment included a cover letter which reiterated the statements made in the cover letter which accompanied the original 1992 Year End Report. The Amended 1992 Year End Report cover letter further stated that the State Committee paid administrative expenses as a means of offsetting loans owed to the Federal Committee (Attachment 13).

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<sup>2/</sup> The Second Notice should have acknowledged the inadequate response dated June 14, 1993.

FEDERAL ELECTION COMMISSION  
 1993-1994  
 COMMITTEE INDEX OF DISCLOSURE DOCUMENTS - (C)

DATE 29OCT93  
 PAGE 2

COMMITTEE	DOCUMENT	RECEIPTS	DISBURSEMENTS	COVERAGE DATES	# OF PAGES	MICROFILM LOCATION
				TYPE OF FILER		
NEW YORK REPUBLICAN FEDERAL CAMPAIGN COMMITTEE						ID #C00055582 PARTY QUALIFIED
CONNECTED ORGANIZATION: NY SALUTE 92/NOV SALUTE 92						
	1993 MID-YEAR REPORT	509,575	482,384	1JAN93 -30JUN93	113	93FEC/851/1379
	MID-YEAR REPORT - AMENDMENT	-	-	1JAN93 -30JUN93	3	93FEC/864/2639
	TOTAL	509,575	0 482,384			116 TOTAL PAGES

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The reports listed above have yet to be reviewed.  
 Cash on Hand balance as of 6/30/93: \$ 74445.19  
 Debts owed to the Committee as of 6/30/93: \$ 0.00  
 Debts owed by the Committee as of 6/30/93: \$ 0.00

FEDERAL ELECTION COMMISSION  
1991-1992  
COMMITTEE INDEX OF DISCLOSURE DOCUMENTS - (C)

DATE 27OCT93

PAGE 1

COMMITTEE	DOCUMENT	RECEIPTS	DISBURSEMENTS	COVERAGE DATES	# OF PAGES	MICROFILM LOCATION
				TYPE OF FILER		
NEW YORK REPUBLICAN FEDERAL CAMPAIGN COMMITTEE				ID #C00055582 PARTY QUALIFIED		
CONNECTED ORGANIZATION: NY SALUTE 92/NOV SALUTE 92						
	1991 MID-YEAR REPORT	128,763	39,441	1JAN91 -30JUN91	157	91FEC/706/2429
	MID-YEAR REPORT - AMENDMENT	-	-	1JAN91 -30JUN91	5	91FEC/711/2270
	MID-YEAR REPORT - AMENDMENT	-	-	1JAN91 -30JUN91	2	91FEC/721/4909
	MID-YEAR REPORT - AMENDMENT	-	-	1JAN91 -30JUN91	5	92FEC/727/4402
	MID-YEAR REPORT - AMENDMENT	128,763	66,163	1JAN91 -30JUN91	3	92FEC/736/5383
	REQUEST FOR ADDITIONAL INFORMATION			1JAN91 -30JUN91	2	91FEC/717/2414
	REQUEST FOR ADDITIONAL INFORMATION 2ND			1JAN91 -30JUN91	3	91FEC/722/1137
	YEAR-END	508,061	540,387	1JUL91 -31DEC91	76	92FEC/736/5387
	YEAR-END - AMENDMENT	-	-	1JUL91 -31DEC91	25	92FEC/738/3812
	YEAR-END - AMENDMENT	-	-	1JUL91 -31DEC91	2	92FEC/753/3010
	YEAR-END - AMENDMENT	-	-	1JUL91 -31DEC91	5	92FEC/754/4651
	YEAR-END - AMENDMENT	-	-	1JUL91 -31DEC91	3	92FEC/754/4656
	YEAR-END - AMENDMENT	283,621	315,947	1JUL91 -31DEC91	107	92FEC/758/2511
	YEAR-END - AMENDMENT	283,621	315,947	1JUL91 -31DEC91	113	92FEC/783/5014
	YEAR-END - AMENDMENT	-	-	1JUL91 -31DEC91	45	93FEC/846/3568
	REQUEST FOR ADDITIONAL INFORMATION			1JUL91 -31DEC91	1	92FEC/746/1426
	REQUEST FOR ADDITIONAL INFORMATION 2ND			1JUL91 -31DEC91	2	92FEC/753/3887
	REQUEST FOR ADDITIONAL INFORMATION			1JUL91 -31DEC91	1	92FEC/782/2131
	REQUEST FOR ADDITIONAL INFORMATION			1JUL91 -31DEC91	1	93FEC/841/4020
	REQUEST FOR ADDITIONAL INFORMATION 2ND			1JUL91 -31DEC91	2	93FEC/843/5187
	1992 STATEMENT OF ORGANIZATION - AMENDMENT			13JUL92	3	92FEC/763/3707
	MISCELLANEOUS REPORT TO FEC			9SEP92	2	92FEC/778/1034
	MISCELLANEOUS REPORT TO FEC			10OCT92	1	92FEC/782/5377
	MISCELLANEOUS REPORT TO FEC			10OCT92	2	92FEC/782/5378
	STATEMENT OF ORGANIZATION - AMENDMENT			6OCT92	3	92FEC/783/2613
	APRIL QUARTERLY	319,025	260,828	1JAN92 -31MAR92	49	92FEC/747/1952
	APRIL QUARTERLY - AMENDMENT	227,286	169,090	1JAN92 -31MAR92	62	92FEC/756/2210
	APRIL QUARTERLY - AMENDMENT	-	-	1JAN92 -31MAR92	1	92FEC/784/1400
	APRIL QUARTERLY - AMENDMENT	-	-	1JAN92 -31MAR92	23	93FEC/846/3653
	1 <sup>ST</sup> LETTER INFORMATIONAL NOTICE			1JAN92 -31MAR92	1	92FEC/782/4693
	REQUEST FOR ADDITIONAL INFORMATION			1JAN92 -31MAR92	1	93FEC/841/4019
	REQUEST FOR ADDITIONAL INFORMATION 2ND			1JAN92 -31MAR92	2	93FEC/843/5185
	JULY QUARTERLY	212,771	238,755	1APR92 -30JUN92	66	92FEC/766/2527
	JULY QUARTERLY - AMENDMENT	-	-	1APR92 -30JUN92	26	93FEC/846/3636
	REQUEST FOR ADDITIONAL INFORMATION			1APR92 -30JUN92	1	93FEC/841/4018
	REQUEST FOR ADDITIONAL INFORMATION 2ND			1APR92 -30JUN92	2	93FEC/843/5183
	OCTOBER QUARTERLY	734,793	438,427	1JUL92 -30SEP92	173	92FEC/788/3988
	OCTOBER QUARTERLY - AMENDMENT	734,793	438,427	1JUL92 -30SEP92	75	92FEC/814/1804
	OCTOBER QUARTERLY - AMENDMENT	-	-	1JUL92 -30SEP92	39	93FEC/846/3662
	REQUEST FOR ADDITIONAL INFORMATION			1JUL92 -30SEP92	1	93FEC/841/4017
	REQUEST FOR ADDITIONAL INFORMATION 2ND			1JUL92 -30SEP92	2	93FEC/843/5181
	PRE-GENERAL	56,425	271,753	1OCT92 -14OCT92	27	92FEC/814/1727
	PRE-GENERAL - AMENDMENT	-	-	1OCT92 -14OCT92	12	93FEC/846/3791
	REQUEST FOR ADDITIONAL INFORMATION			1OCT92 -14OCT92	1	93FEC/846/3791

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FEDERAL ELECTION COMMISSION  
1991-1992  
COMMITTEE INDEX OF DISCLOSURE DOCUMENTS - (C)

DATE 27OCT93

PAGE 2

COMMITTEE	DOCUMENT	RECEIPTS	DISBURSEMENTS	COVERAGE DATES	# OF	MICROFILM
					PAGES	LOCATION
					TYPE OF FILER	
	REQUEST FOR ADDITIONAL INFORMATION 2ND			10OCT92 -14OCT92	2	93FEC/843/5179
	POST-GENERAL	665,259	782,371	15OCT92 -23NOV92	56	92FEC/813/5027
	POST-GENERAL - AMENDMENT	-	-	15OCT92 -23NOV92	18	93FEC/846/3550
	REQUEST FOR ADDITIONAL INFORMATION			15OCT92 -23NOV92	2	93FEC/841/4081
	REQUEST FOR ADDITIONAL INFORMATION 2ND			15OCT92 -23NOV92	3	93FEC/843/5175
	YEAR-END	107,858	87,101	24NOV92 -31DEC92	29	93FEC/825/2349
	YEAR-END - AMENDMENT	-	-	24NOV92 -31DEC92	14	93FEC/846/3536
	YEAR-END - AMENDMENT	-	-	24NOV92 -31DEC92	7	93FEC/850/5545
	REQUEST FOR ADDITIONAL INFORMATION			24NOV92 -31DEC92	4	93FEC/841/4084
	REQUEST FOR ADDITIONAL INFORMATION 2ND			24NOV92 -31DEC92	5	93FEC/843/5170
1993	MISCELLANEOUS REPORT TO FEC			16JUN93	2	93FEC/843/0003
	TOTAL	2,416,776	0 2,369,607	0	1277	TOTAL PAGES

All reports listed above have been reviewed.

Cash on Hand balance as of 12/31/92: \$ 47253.23

Debts owed to the Committee as of 12/31/92: \$ 16681.90

Debts owed by the Committee as of 12/31/92: \$ 0.00

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FEDERAL ELECTION COMMISSION  
1989-1990  
COMMITTEE INDEX OF DISCLOSURE DOCUMENTS - (C)

DATE 27OCT93

PAGE 1

COMMITTEE	DOCUMENT	RECEIPTS	DISBURSEMENTS	COVERAGE DATES	# OF	MICROFILM
					PAGES	LOCATION
					TYPE OF FILER	
NEW YORK REPUBLICAN FEDERAL CAMPAIGN COMMITTEE				ID #000055582 PARTY QUALIFIED		
CONNECTED ORGANIZATION: SALUTE/VICTORY II DINNER CMTE-VIVA 84						
	1989 MID-YEAR REPORT	10,950	61,185	1JAN89 -30JUN89	7	89FEC/601/0486
	YEAR-END	18,675	18,853	1JUL89 -31DEC89	8	90FEC/623/1564
	1990 STATEMENT OF ORGANIZATION - AMENDMENT			12FEB90	2	90FEC/628/1698
	STATEMENT OF ORGANIZATION - AMENDMENT			8MAR90	1	90FEC/630/1733
	PRE-SPECIAL	41,150	28,052	1JAN90 - 7MAR90	13	90FEC/630/1719
	PRE-SPECIAL - AMENDMENT	41,150	28,052	1JAN90 - 7MAR90	19	90FEC/634/1620
	PRE-SPECIAL - AMENDMENT	41,150	28,052	1JAN90 - 7MAR90	5	90FEC/641/5333
	PRE-SPECIAL - AMENDMENT	-	-	1JAN90 - 7MAR90	2	90FEC/642/0510
	PRE-SPECIAL - AMENDMENT	-	-	1JAN90 - 7MAR90	4	90FEC/642/1359
	REQUEST FOR ADDITIONAL INFORMATION 2ND			1JAN90 - 7MAR90	2	90FEC/638/2656
	REQUEST FOR ADDITIONAL INFORMATION			1JAN90 - 7MAR90	6	90FEC/632/4108
	APRIL QUARTERLY	1,250	15,505	8MAR90 -31MAR90	4	90FEC/634/1640
	APRIL QUARTERLY - AMENDMENT	1,250	15,505	8MAR90 -31MAR90	3	90FEC/641/5339
	REQUEST FOR ADDITIONAL INFORMATION			8MAR90 -31MAR90	2	90FEC/639/4711
	JULY QUARTERLY	0	1,042	1APR90 -30JUN90	5	90FEC/647/4994
	JULY QUARTERLY - AMENDMENT	-	-	1APR90 -30JUN90	1	90FEC/671/0241
	OCTOBER QUARTERLY	0	1,000	1JUL90 -30SEP90	6	90FEC/658/1154
	OCTOBER QUARTERLY - AMENDMENT	-	-	1JUL90 -30SEP90	5	90FEC/670/5375
	1 <sup>ST</sup> LETTER INFORMATIONAL NOTICE			1JUL90 -30SEP90	1	90FEC/670/1358
	POST-GENERAL	0	17	1OCT90 -26NOV90	5	90FEC/672/1318
	YEAR-END	0	19	27NOV90 -31DEC90	4	91FEC/683/1956
	TOTAL	72,025	0 125,673	0	105	TOTAL PAGES

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All reports listed above have been reviewed.  
 Cash on Hand balance as of 12/31/90: \$ 84.32  
 Debts owed to the Committee as of 12/31/90: \$ 0.00  
 Debts owed by the Committee as of 12/31/90: \$48303.15

**SCHEDULE C**  
 (Required 2022)

**LOANS**

Page 1 of 1  
 LAST PAGE   
 See instructions on Schedule C for more information

Name of Contributor To Fund <b>New York Convention Federal Union - Jan 94</b>			
1. Full Name, Mailing Address and ZIP Code of Loan Recipient <b>New York Republican State Committee                  215 State Street                  ALBANY, NY 12210</b>		Original Amount of Loan <b>\$58,359.47</b>	Balance Outstanding at Close of This Period <b>58359.47</b>
Terms: Date Interest <u>          </u> Date Due <u>          </u> Interest Rate <u>          </u> <input type="checkbox"/> Secured			
List All Endorsees or Guarantors (if any) to Item 1			
1. Full Name, Mailing Address and ZIP Code <b>Non-Federal State from Schedule NY pages 32-39.</b>		Name of Employer	Amount Guaranteed Outstanding <input type="checkbox"/>
		Occupation	
		Amount Guaranteed Outstanding <input type="checkbox"/>	
2. Full Name, Mailing Address and ZIP Code		Name of Employer	Amount Guaranteed Outstanding <input type="checkbox"/>
		Occupation	
		Amount Guaranteed Outstanding <input type="checkbox"/>	
3. Full Name, Mailing Address and ZIP Code		Name of Employer	Amount Guaranteed Outstanding <input type="checkbox"/>
		Occupation	
		Amount Guaranteed Outstanding <input type="checkbox"/>	
2. Full Name, Mailing Address and ZIP Code of Loan Recipient		Original Amount of Loan	Balance Outstanding at Close of This Period
Terms: Date Interest <u>          </u> Date Due <u>          </u> Interest Rate <u>          </u> <input type="checkbox"/> Secured			
List All Endorsees or Guarantors (if any) to Item 2			
1. Full Name, Mailing Address and ZIP Code		Name of Employer	Amount Guaranteed Outstanding <input type="checkbox"/>
		Occupation	
		Amount Guaranteed Outstanding <input type="checkbox"/>	
2. Full Name, Mailing Address and ZIP Code		Name of Employer	Amount Guaranteed Outstanding <input type="checkbox"/>
		Occupation	
		Amount Guaranteed Outstanding <input type="checkbox"/>	
3. Full Name, Mailing Address and ZIP Code		Name of Employer	Amount Guaranteed Outstanding <input type="checkbox"/>
		Occupation	
		Amount Guaranteed Outstanding <input type="checkbox"/>	
SUBTOTALS This Period This Page Includes			<b>58359.47</b>
TOTALS This Period (See page 1 of 2 for details)			<b>58359.47</b>

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 1233141317

SCHEDULE C  
(Revised 3/89)

LOANS

Page 1 of 1 for  
Line NUMBER 3  
Use separate attachment  
for each numbered line 1

Name of Contributor (or Payer) <b>New York Republican Federal Campaign Comm - 4</b>				
A. Full Name, Mailing Address and ZIP Code of Loan Recipient <b>New York Republican State Committee</b>		Original Amount of Loan <b>50,389.47</b>	Outstanding Balance As of 12/31/91 <b>83,218.51</b>	Balance Outstanding at Close of This Period <b>141,678.06</b>
<input type="checkbox"/> Secured <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (Specify): _____ Terms: <input type="checkbox"/> Cash <input type="checkbox"/> Interest Free <input type="checkbox"/> Other: _____ <input type="checkbox"/> Secured				
List All Endorsers or Guarantors (if any) to Item A				
1. Full Name, Mailing Address and ZIP Code <b>2 Non Federal Shares from Schedule H4 pages 8-11.</b>		Name of Employer	Occupation	Amount Guaranteed Outstanding <b>A</b>
2. Full Name, Mailing Address and ZIP Code		Name of Employer	Occupation	Amount Guaranteed Outstanding <b>B</b>
3. Full Name, Mailing Address and ZIP Code		Name of Employer	Occupation	Amount Guaranteed Outstanding <b>C</b>
B. Full Name, Mailing Address and ZIP Code of Loan Recipient		Original Amount of Loan	Outstanding Payment To Date	Balance Outstanding at Close of This Period
<input type="checkbox"/> Secured <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (Specify): _____ Terms: <input type="checkbox"/> Cash <input type="checkbox"/> Interest Free <input type="checkbox"/> Other: _____ <input type="checkbox"/> Secured				
List All Endorsers or Guarantors (if any) to Item B				
1. Full Name, Mailing Address and ZIP Code		Name of Employer	Occupation	Amount Guaranteed Outstanding <b>D</b>
2. Full Name, Mailing Address and ZIP Code		Name of Employer	Occupation	Amount Guaranteed Outstanding <b>E</b>
3. Full Name, Mailing Address and ZIP Code		Name of Employer	Occupation	Amount Guaranteed Outstanding <b>F</b>

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33141735

TOTALS This Period This Page (entered) ..... **141,678.06**  
TOTALS This Period (Not page to this day entry) ..... **141,678.06**

Every contributor, borrower and lender must file Form 278, "Statement of Financial Interest," and Form 279, "Statement of Assets and Liabilities," with the appropriate file of records.

SCHEDULE C  
Standard 3809

LOANS

Line Number  
Use column numbers  
for each number's total

Name of Corporation or Firm <b>New York Republican Federal Campaign Committee</b>			
A. Full Name, Mailing Address and ZIP Code of Loan Source <b>New York Republican State Committee 318 State Street Albany, NY 12207</b>		Original Amount of Loan <b>See Attached</b>	Balance Outstanding at Close of This Period <b>\$134,678.94</b>
Type: <input type="checkbox"/> Secured <input type="checkbox"/> Unsecured		Rate: _____	Term: _____

List All Endorsements or Guarantees of any to Item A

1. Full Name, Mailing Address and ZIP Code	Name of Employer
	Description
	Amount Guaranteed Outstanding
2. Full Name, Mailing Address and ZIP Code	Name of Employer
	Description
	Amount Guaranteed Outstanding
3. Full Name, Mailing Address and ZIP Code	Name of Employer
	Description
	Amount Guaranteed Outstanding

B. Full Name, Mailing Address and ZIP Code of Loan Source	Original Amount of Loan	Balance Outstanding at Close of This Period
Type: <input type="checkbox"/> Secured <input type="checkbox"/> Unsecured		

List All Endorsements or Guarantees of any to Item B

1. Full Name, Mailing Address and ZIP Code	Name of Employer
	Description
	Amount Guaranteed Outstanding
2. Full Name, Mailing Address and ZIP Code	Name of Employer
	Description
	Amount Guaranteed Outstanding
3. Full Name, Mailing Address and ZIP Code	Name of Employer
	Description
	Amount Guaranteed Outstanding

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NEW YORK REPUBLICAN FEDERAL CAMPAIGN COMMITTEE  
SCHEDULE C

Detail of loan with New York Republican State Committee:

Incorrect amounts allocated 7/01/92 to 9/30/92	\$ 56,359.47
Incorrect amounts allocated 10/01/92 to 10/14/92	83,318.59
Incorrect amounts allocated 10/15/92 to 11/23/92	(1) 32,603.17
Itemized expenses paid by NYRSC	(2) 139,455.22
Balance of loan at 11/23/92	<u>8134,875.94</u>

1 2 3 3 8 1 3 3 3 6

- (1) Non-Federal Share from Schedule H4 pages. 10-15.
- (2) See Schedule B following

SCHEDULE B

TRAVEL EXPENSES AND  
BYNYSOR FOR NYRCC

USE EXPENSE REIMBURSEMENT  
FOR EACH CATEGORY OF THE  
SCHEDULE SUMMARY PAGE

PAGE 1 2  
FORM LINE NUMBER  
Schedule C

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

NAME OF COMMITTEE On Ball

New York Republican Federal Campaign Committee

A. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Jeffrey Daley 41A Laverne Dr Delmar, NY 12034	Expense reimbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10-28-92	149.97
B. Full Name, Mailing Address and ZIP Code United States Postal Service Albany, NY 12212	Purpose of Disbursement Newsletter mailings Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10-28-92	30,100.00
C. Full Name, Mailing Address and ZIP Code Thomas Doherty 108 Singamon Road Tockahoe, NY 10707	Purpose of Disbursement Salary Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10-28-92	1612.50
D. Full Name, Mailing Address and ZIP Code Fran Vella Marrone 1367 Dvington Ave Brooklyn, NY 11219	Purpose of Disbursement Salary Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10-28-92	741.75
E. Full Name, Mailing Address and ZIP Code Robert Carpenter 445 Argyl Drive Alexandria, VA 22305	Purpose of Disbursement Salary Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10-28-92	1548.00
F. Full Name, Mailing Address and ZIP Code Amsure Associates 20 Bow 15014 Albany, NY 12212	Purpose of Disbursement Insurance Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10-30-92	299.71
G. Full Name, Mailing Address and ZIP Code Westchester County 148 Martine Ave White Plains, NY 10601	Purpose of Disbursement Benefit reimbursement for T Doherty Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10-29-92	15.30
H. Full Name, Mailing Address and ZIP Code NY Hilton Rex Kefeller Plaza NY NY 10019	Purpose of Disbursement reception costs Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10-30-92	1290.00
I. Full Name, Mailing Address and ZIP Code Tony Carcio Productions 56 W Sunrise Awny Lindenhurst, NY 11757	Purpose of Disbursement rental of lighting rig Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10-30-92	4500.00

GROSS TOTAL of Disbursements This Page (optional) .....

36157.28

TOTAL This Period (fill page with line number only) .....

97043800737  
13051

SCHEDULE B

ITEMIZED EXPENSES FOR  
BY NYRCB FOR NREPC

Use separate schedule for each category of the Budget Summary Page

Page 212  
FOR LINE NUMBER  
Schedule C

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

NAME OF COMMITTEE (in Full)

New York Republican Federal Campaign Committee

A. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Cash Disbursement This Period
Bauer Southern/AV Inc 1697 Broadway NY, NY 10019	AV equipment rental Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10-31-92	529.45
True Color TV Service 1024 Manhattan Ave Brooklyn, NY 11222	AV equipment rental Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	10-30-92	325.81
John Sweeney 18 Marcell Lane Schaghticoke, NY 12154	expense reimbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	11-02-92	263.10
Sheraton, NY P.O. Box 811 New York, NY 10101	accommodations Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	11-02-92	281.66
NY Hilton Rockefeller Plaza NY, NY 10019	accommodations Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	11-02-92	354.78
Park Development 705 Elmgrove Rd Rochester, NY 14624	office rent Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	11-02-92	215.00
William D. Powers 1624 New York Post Road Castleton, NY 12033	expense reimbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	11-02-92	476.44
Jeffrey Bulry 41 A Livery Drive Delmar, NY 12054	expense reimbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	11-06-92	778.73

SUBTOTAL of Disbursements This Page (optional) .....

3218.06

TOTAL This Period (last page tab for number only) .....

39,405.29

97043800738  
11-3315000



FEDERAL ELECTION COMMISSION  
WASHINGTON, DC 20541

EO-3

Louis Bart Stone, Esq., Treasurer  
New York Republican Federal  
Campaign Committee  
c/o Rogers & Wells  
200 Park Avenue  
New York, NY 10166

JUN 2 1963

Identification Number: C66053502

Reference: 30 Day Post-General Report (10/13/62-11/23/62)

Dear Mr. Stone:

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

-On Schedule B4 supporting Line 21(a) of the Detailed Summary Page, you have failed to include a total for EVENT YEAR-TO-DATE for payments made. Please amend your report to include the missing EVENT YEAR-TO-DATE total(s).

-A political committee that has established separate federal and non-federal accounts under 11 CFR §102.3 must pay the entire amount of allocable expenses from either its federal account or a separately established allocation account. (11 CFR §106.3(g)) Your report appears to disclose a failure to comply with this requirement. The Commission recommends that you reimburse your non-federal account for the federal share of any allocable expenses which were not paid by the federal account.

Please provide a photocopy of your check for any reimbursement. In addition, the Commission recommends that your committee establish procedures to ensure future compliance with the allocation regulations.

Although the Commission may take further legal steps concerning this matter, your prompt action will be taken into consideration.

-Your report disclosed a line number total that has been reflected on the wrong line of the Detailed Summary Page. Transfers from other party committees should be

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D.K. properly disclosed on Schedule A, supporting Line 12 of the Detailed Summary Page. Please refer to the instructions contained on the forms to determine the proper categorization when preparing your next filing.

A written response or an amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 219-3586.

Sincerely,

Donald L. Averett  
Reports Analyst  
Reports Analysis Division

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13036414052



# NEW YORK REPUBLICAN STATE COMMITTEE

JUN 10 11 53 AM '92

LEWIS B. STONE  
Chairman

June 14, 1992

Donald L. Averett  
Reports Analyst  
Reports Analysis Division  
FEDERAL ELECTION COMMISSION  
Washington, D.C. 20463

Re: I.D. #C00055882 Year End (11/24/92-12/31/92)

Amended Year End (7/1/92-12/31/92 dated 10/5/92)  
Amended April Quarterly (1/1/92-3/31/92, dated  
5/15/92), July Quarterly (4/1/92-6/30/92), Amended  
October Quarterly (7/1/92-9/30/92, dated 12/1/92)  
and 12 Day pre-General (10/1/92-10/14/92) Reports

30 Day Post-General Report (10/15/92-11/23/92)

Dear Mr. Averett:

I understand my secretary spoke to you last week with respect to your letters of June 2 advising that I was hospitalized and would respond to you upon my return.

Today, on my first day back to the office, I am responding to advise that we are in the process of putting together a full formal response and expect that it will be forthcoming shortly. I trust this reason for delay is acceptable.

Sincerely,

Lewis Bart Stone

cc: Jeffrey T. Buley, Esq.

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15036430000



FEDERAL ELECTION COMMISSION  
WASHINGTON DC 20541

20-3

June 24, 1993

Lewis Bart Stone, Esquire  
New York Republican Federal  
Campaign Committee  
c/o Rogers & Wells  
200 Park Avenue  
New York, NY 10168

Identification Number: C08053382

Reference: Amended Year End (7/1/91-12/31/91 dated 10/5/92),  
Amended April Quarterly (1/1/92-3/31/92 dated  
5/13/92), July Quarterly (4/1/92-6/30/92), Amended  
October Quarterly (7/1/92-9/30/92 dated 12/1/92), 12  
Day Pre-General (10/1/92-10/14/92), 30 Day Post-  
General (10/15/92-11/23/92) and Year End (11/24/92-  
12/31/92) Reports

Dear Mr. Stone:

This letter is to inform you that as of June 23, 1993, the Commission has not received your response to our requests for additional information dated June 2, 1993. These notices requested information essential to full public disclosure of your federal election financial activity and to ensure compliance with provisions of the Federal Election Campaign Act (the Act). Copies of our original requests are enclosed.

If no response is received within fifteen (15) days from the date of this notice, the Commission may choose to initiate audit or legal enforcement action.

If you should have any questions related to this matter, please contact Donald Averett on our toll-free number (800) 424-9530 or our local number (202) 219-3582.

Sincerely,

John D. Gibson  
Assistant Staff Director  
Reports Analysis Division

Enclosures

27043800742  
3313017



# NEW YORK REPUBLICAN STATE COMMITTEE

WALTER S. FORD  
Chairman

July 1, 1993

Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

RE: 30-Day Post-General Report (10/15/92-11/23/92)  
Identification # C 00053582

Dear Sirs:

In response to your of June 2, 1993, please be advised that:

- (1) An amended schedule H4 is attached reflecting accurate Event Year-To-Date totals as requested.
- (2) As disclosed in a cover letter to the 1992 Year-End Report, due to initial logistical difficulties in establishing and implementing the New York Republican State Committee's Victory '92 Program, numerous administrative expenses were paid by the New York Republican Federal Campaign Committee with a 100% federal share rather than our agreed allocation of a 42% federal share. This occurred because Victory '92 operations were headquartered in New York City rather than Albany where all other Republican State Committee operations are headquartered. These misallocations were tallied and reported as loans by the New York Republican Federal Campaign Committee to the New York Republican State Committee's non-federal political account. This loan was then used to offset pre-existing loans from the New York Republican State Committee's non-federal political account to the New York Republican Federal Campaign Committee. These transactions are detailed in Schedules C and D of the '92 Year-End Report.

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Page 2.

Following the offset of the pre-existing loans, re-allocations by the New York Republican Federal Campaign Committee remained and we continued to carry such overallocated amounts as loans from the New York Republican Federal Campaign Committee to the New York Republican State Committee's non-federal political account. (See Schedules C and D of the 30-day Post General Election Report and the '92 Year-End Report). This loan was then offset by paying administrative expenses solely out of our non-federal political account. Such administrative expenses were, however, reported as a part of the filings of the New York Republican Federal Campaign Committee. (See the Schedule B accompanying the Schedule C of the 30-day Post General Election Report and Schedule H-4 of the '92 Year-End Report).

Thank you for your cooperation.

Very truly yours,

*Jeffrey T. Buley*

Jeffrey T. Buley  
Chief Counsel

97043800744

FEDERAL ELECT  
COMMISSION  
MAIL ROOM

Jan 28 1993



New York  
Republican  
State Committee

LEWIS BART STONE Treasurer

January 28, 1993

Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

Re: 1992 Year-End Report

Dear Sirs:

Due to initial logistical difficulties in establishing and implementing the New York Republican State Committee's Victory '92 Program, numerous administrative expenses were paid by the New York Republican Federal Campaign Committee with a 100% federal share rather than our normal allocation of a 42% federal share. These misallocations were tallied and reported as loans by the New York Republican Federal Campaign Committee to the New York Republican State Committee's non-federal political account. This loan was then used to effect a pre-existing loan from the New York Republican State Committee's non-federal political account to the New York Republican Federal Campaign Committee. These transactions are detailed in Schedules C and D of the '92 Year-End Report.

Upon your request, we will provide you with a detailed calculation demonstrating how these numbers were determined.

Thank you for your cooperation.

Sincerely,

*Lewis Bart Stone*  
Lewis Bart Stone

cc: Jeffrey T. Buley, Esq.

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0303059179

Page 1 of 2  
LINE NUMBER 1  
Use separate schedules  
for each numbered part

<b>NEW YORK FEDERAL CAMPAIGN COMMITTEE</b>			
Name of Employer <b>New York Federal Campaign Committee 316 State Street Albany, New York 12207</b>		Employment Period <b>7-1-42 (See Schedule 1)</b>	Balance Outstanding at Close of This Period <b>16,211.16</b>
Employer's EIN	Employer's EIN	Employer's EIN	Employer's EIN

List All Employees or Contractors of each in Part 4			
1. Full Name, Including Address and ZIP Code	Name of Employer	Employment Period	Balance Outstanding at Close of This Period
2. Full Name, Including Address and ZIP Code	Name of Employer	Employment Period	Balance Outstanding at Close of This Period
3. Full Name, Including Address and ZIP Code	Name of Employer	Employment Period	Balance Outstanding at Close of This Period
4. Full Name, Including Address and ZIP Code of Loan Source	Name of Employer	Employment Period	Balance Outstanding at Close of This Period

List All Contractors or Contractors of each in Part 5			
1. Full Name, Including Address and ZIP Code	Name of Employer	Employment Period	Balance Outstanding at Close of This Period
2. Full Name, Including Address and ZIP Code	Name of Employer	Employment Period	Balance Outstanding at Close of This Period
3. Full Name, Including Address and ZIP Code	Name of Employer	Employment Period	Balance Outstanding at Close of This Period

Current and Prior Periods	16,211.16
Ending Balance	16,211.16

93030752356

**NEW YORK REPUBLICAN FEDERAL CAMPAIGN COMMITTEE  
SCHEDULE C**

**Detail of loan with New York Republican State Committee:**

Incorrect amounts allocated 07/01/92 to 09/30/92	\$58,359.47
Incorrect amounts allocated 10/01/92 to 10/14/92	\$83,118.59
Incorrect amounts allocated 10/15/92 to 11/23/92	\$32,603.17
Itemized expenses paid by NYRSC	(\$39,405.29) -----
Balance of loan at 11/23/92	\$134,875.94
Allocated expenses paid by NYRSC 11/24/92 to 12/31/92	(\$37,953.62) (1)
Less amounts transferred from Schedule D loans from New York Republican State Committee	(\$80,249.42) -----
Balance of loan at 12/31/92	<u>\$16,681.90</u>

(1) Federal share of allocated expenses Schedule H4

**GENERAL D**  
Schedule D

**DEBTS AND OBLIGATIONS**  
(Including Leases)

See page 10 for  
LIFE PLANS  
file attached schedule  
for each numbered line

1. Name of Debtor (or Creditor)	2. Original Schedule or Maturity Date	3. Amount Owed (or Paid)	4. Payment Due Period	5. Original Balance or Face of Obligation
<b>GENERAL COMMITTEE</b>				
2. Full Name, Mailing Address and Zip Code of Debtor or Creditor NY Republican State Comm 910 State Street Albany, NY 12210		48,308.15	72,331.5	- 0 -
Nature of Debt (Purpose): for administrative expenses				
2. Full Name, Mailing Address and Zip Code of Debtor or Creditor NY Republican State Comm 315 State Street Albany NY 12210		31,437.27	31,137.27	- 0 -
Nature of Debt (Purpose): REFINANCEMENT TO STATE ACCT for Fed share 10/20/91				
2. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
2. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
2. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
2. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
2. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
11 SUBTOTALS This Form This Page Reported				- 0 -
12 TOTAL This Form (See also other schedules)				- 0 -
13 TOTAL OUTSTANDING DEBT AND OBLIGATIONS				- 0 -
14 ADDITIONAL INFORMATION				

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 97043800748

**NEW YORK REPUBLICAN FEDERAL ELECTION COMMITTEE**

**Detail of loan with New York Republican State Committee:**

Incorrect amounts allocated 07/01/92 to 09/30/92	\$80,399.47	
Incorrect amounts allocated 10/01/92 to 10/14/92	\$63,310.99	
Incorrect amounts allocated 10/15/92 to 11/23/92	\$32,663.17	
Itemized expenses paid by NYRSC	(\$39,403.29)	
Balance of loan at 11/23/92	\$134,970.94	
Allocated expenses paid by NYRSC 11/24/92 to 12/31/92	(\$57,983.63)	(1)
Less amounts transferred from Schedule B loans from New York Republican State Committee	(\$66,306.45)	
Balance of loan at 12/31/92	\$10,681.76	

(1) Federal share of allocated expenses Schedule B4

9303825800749



FEDERAL ELECTION COMMISSION  
WASHINGTON, DC 20543

80-2

Louis Bart Stone, Esq., Treasurer  
New York Republican Federal  
Campaign Committee  
c/o Rogers & Wells  
200 Park Avenue  
New York, NY 10160

JAN 2 1988

Identification Number: C00058542

Reference: Year End Report (11/30/82-12/31/82)

Dear Mr. Stone:

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

-Schedule A of your report (pertinent portion(s) attached) discloses a contribution(s) from an organization(s) which is not a political committee registered with the Commission. Under 11 CFR §102.3(b), organizations which are not political committees under the Act must either: 1) establish a separate account which contains only those funds permitted under the Act, or 2) demonstrate through a reasonable accounting method that the organization has received sufficient funds subject to the limitations and prohibitions in order to make the contribution.

If your committee does not finance non-federal activity, the receipt of the referenced contribution(s) may violate the limitations and prohibitions of the Act. (2 U.S.C. §§441a(2) and 441b) If your committee engages in both federal and non-federal activity, either through a separate non-federal account, or one account that finances activity in connection with both federal and non-federal elections, your committee may be in violation of 11 CFR §102.3(a).

Please clarify whether the contribution(s) received from the referenced organization(s) is permissible. To the extent that your committee has received funds which are not permissible, the Commission recommends that you refund the impermissible amount(s) to the donor(s) in accordance with 11 CFR §102.3(b). Alternatively, if you choose to transfer the funds to an account not used to

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THE FEDERAL ELECTION COMMISSION  
CAMPAIGN FINANCE  
PAGE 2

influence federal elections, the Commission advises that you inform the contributor in writing and provide the contributor with the option of receiving a refund. You may wish to seek a written authorization (either before or after the transfer-out) from the donor for any transfer-out to protect the donor's interests.

Please inform the Commission immediately in writing and provide a photocopy of your check for the refund or transfer-out. Should you choose to refund or transfer-out the funds, the Commission will presume the funds were impermissible, absent a statement from your committee to the contrary. Refunds and transfers-out should be disclosed on a supporting Schedule B for Line 28 or 29 of the report covering the period during which they are made.

If the contribution(s) in question was incompletely or incorrectly disclosed, you should amend your original report with the clarifying information.

Although the Commission may take further legal steps concerning the acceptance of prohibited contributions, prompt action by your committee in refunding or transferring-out the amounts will be taken into consideration.

-On Schedule B4 supporting Line 21(a) of the Detailed Summary Page, you have failed to include a total for EVENT YEAR-TO-DATE for payments made. Please amend your report to include the missing EVENT YEAR-TO-DATE total(s).

-A political committee that has established separate federal and non-federal accounts under 11 CFR §102.5 must pay the entire amount of allocable expenses from either its federal account or a separately established allocation account. (11 CFR §106.5(g)) Your report appears to disclose a failure to comply with this requirement. The Commission recommends that you reimburse your non-federal account for the federal share of any allocable expenses which were not paid by the federal account.

Please provide a photocopy of your check for any reimbursement. In addition, the Commission recommends that your committee establish procedures to ensure future compliance with the allocation regulations.

Although the Commission may take further legal steps concerning this matter, your prompt action will be taken into consideration.

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A written response or an amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9539. My local number is (202) 319-3500.

Sincerely,



Donald L. Averett  
Reports Analyst  
Reports Analysis Division

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# NEW YORK REPUBLICAN STATE COMMITTEE

WILLIAM G. PIERCE

Chairman

July 1, 1993

Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

RE: 1992 Year End Report  
Identification # C 89255912

Dear Sirs:

In response to your of June 2, 1993, please be advised that:

- (1) A contribution in the amount of \$2,500 from "IMPAC," an organization which you have advised us is not a political committee registered with the commission, has been transferred from the New York Republican Federal Campaign Committee to the New York Republican State Committee's non-federal political account. "IMPAC" has been notified of this transfer and has also been offered a refund of the \$2,500 (see attached correspondence).
- (2) An amended schedule H4 is attached reflecting accurate Event Year-To-Date totals as requested.
- (3) As disclosed in a cover letter to the 1992 Year-End Report, due to initial logistical difficulties in establishing and implementing the New York Republican State Committee's Victory '92 Program, numerous administrative expenses were paid by the New York Republican Federal Campaign Committee with a 100% federal share rather than our normal allocation of a 42% federal share. This occurred because Victory '92 operations were headquartered in New York City rather than Albany where all other Republican State Committee operations are headquartered. These misallocations were tallied and reported as loans by the New York Republican Federal Campaign Committee to the New York Republican State Committee's non-federal political account. This loan was then used to effect pre-existing loans from the New York Republican State Committee's non-federal political account to the New York Republican Federal Campaign Committee. These transactions are detailed in Schedules C and D of the '92 Year-End Report.

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A.

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Page 2.

Following the offset of the pre-existing loans overallocations by the New York Republican Federal Campaign Committee remained and we continued to carry such overallocated amounts as loans from the New York Republican Federal Campaign Committee to the New York Republican State Committee's non-federal political account. (See Schedules C and D of the 30-day Post General Election Report and the '92 Year-End Report). This loan was then offset by paying administrative expenses solely out of our non-federal political account. Such administrative expenses were, however, reported as a part of the filings of the New York Republican Federal Campaign Committee. (See the Schedule B accompanying the Schedule C of the 30-day Post General Election Report and Schedule H-4 of the '92 Year-End Report).

Thank you for your cooperation.

Very truly yours,

*Jeffrey T. Buley*

Jeffrey T. Buley  
Chief Counsel

97043800754



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

93L-76

June 16, 1994

MEMORANDUM

TO: LAWRENCE M. NOBLE  
GENERAL COUNSEL

THROUGH: JOHN C. SURINA  
STAFF DIRECTOR

FROM: JOHN D. GIBSON  
ASSISTANT STAFF DIRECTOR  
REPORTS ANALYSIS DIVISION

SUBJECT: UPDATE TO THE REFERRAL FOR THE NEW YORK  
REPUBLICAN FEDERAL CAMPAIGN COMMITTEE

In the Enforcement Priority System's Quarterly Report dated April 5, 1994, the Office of General Counsel recommended that the Commission decline to open a MUR and close the file with respect to the New York Republican Federal Campaign Committee's ("the Committee") referral. The Commission instead, in Executive Session on May 5, 1994, decided to hold in abeyance any action on this referral until additional information was provided by the Reports Analysis Division ("RAD") for 1991 through 1993 regarding allocation activity.

On April 20, 1994, RAD sent Requests for Additional Information ("RFAs") on the 1993 Mid-Year and Year End Reports because the Committee disclosed the receipt of transfers on Schedules H3 totalling \$126,445.43 for fundraising events which were disclosed on Schedules H2 and H4 as 100% non-Federal. The Committee was advised to immediately transfer these impermissible amounts to its non-Federal account. Additionally, the Committee was asked to provide missing information on Schedule H4 of the Year End Report (Attachments 2 and 3).

On May 5, 1994, the Committee's attorney called the RAD analyst (Attachment 4). He stated that the allocation account had been used to fund 100% non-Federal activity. The RAD analyst explained to him the proper use for the allocation account and indicated that he would get back to him regarding any necessary transfers.

The RAD analyst returned the attorney's telephone call on May 11th (Attachment 5). The RAD analyst told him that it would be necessary to transfer-out of the allocation account the

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\$126,445.43 received in 1993 as well as the \$60,214.02 received in 1994 (disclosed on the April Quarterly Report) for 100% non-Federal fundraising events. It also appeared that at least \$26,255.42 still needed to be transferred from the Federal to the non-Federal Account for either (a) the excessive amounts transferred-in to the Federal Account from the non-Federal Account or (b) the amount of money directly paid by the non-Federal Account for the Federal Account's share of administrative expenses from 1991 through the 1993 Mid-Year reporting period (see Chart at Attachment 6). The attorney agreed to immediately transfer \$26,255.42 to remedy 1991-92 allocation problems but did not believe that any transfers were necessary for the 1993-94 allocation activity.

A Second Notice for both reports was sent May 12, 1994 because no written response had been received (Attachment 7).

The 1994 April Quarterly Report also disclosed excessive transfers-in totalling \$60,214.02 on Schedule H3 from the non-Federal Account for 100% non-Federal events. An RFAI was sent on June 1, 1994 (Attachment 8). The Committee was again advised to transfer-out to its non-Federal Account the impermissible amounts.

The Committee's written response dated June 1st was received June 3rd (Attachment 9). Included was a \$26,255 check dated May 31, 1994 from the Federal to the non-Federal Account representing the excessive amounts transferred-in to the Federal Account or directly paid by the non-Federal Account during 1991-92 for administrative expenses.

Regarding 1993 allocation activity, the Committee acknowledged that transfers from its non-Federal Account to its allocation account for 100% non-Federal activity had been made. Though admitting that it now realized that this was a "technical inadvertant mistake," it stated that it would not transfer-out the excessive amounts for 1993 because "there were no federal elections in New York in 1993 . . . there[fore] . . . not even a remote chance that non-federal monies were spent on federal candidates." Lastly, the Committee stated that it "will no longer transact any 100% non-federal transfers to [its] allocation account." The Committee did not address the missing information on Schedule H4.

It therefore appears that this Committee failed to properly allocate shared administrative expenses or did not understand the purpose of the allocation account. It either

- (1) transferred-in to its Federal Account too much from its non-Federal Account to cover the Federal Account's share of administrative expenses, or
- (2) had the non-Federal Account directly pay part of the Federal Account's share of administrative expenses, or
- (3) permitted the non-Federal Account to transfer-in funds to its allocation account to pay for 100% non-Federal events.

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Please contact Donald Averett or Shawn Woodhead Werth at 219-3580 if you have any questions regarding this matter.

Attachments

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FEDERAL ELECTION COMMISSION  
1991-1992  
COMMITTEE INDEX OF DISCLOSURE DOCUMENTS - (C)

DATE 16JUN94

PAGE 1

COMMITTEE	DOCUMENT	RECEIPTS	DISBURSEMENTS	COVERAGE DATES	# OF PAGES	MICROFILM LOCATION
						TYPE OF FILER
NEW YORK REPUBLICAN FEDERAL CAMPAIGN COMMITTEE				ID #C00055582 PARTY QUALIFIED		
CONNECTED ORGANIZATION: NY SALUTE 92/NOV SALUTE 92						
	1991 MID-YEAR REPORT	128,763	39,441	1JAN91 -30JUN91	157	91PEC/706/2429
	MID-YEAR REPORT - AMENDMENT	-	-	1JAN91 -30JUN91	5	91PEC/711/2270
	MID-YEAR REPORT - AMENDMENT	-	-	1JAN91 -30JUN91	2	91PEC/721/4909
	MID-YEAR REPORT - AMENDMENT	-	-	1JAN91 -30JUN91	5	92PEC/727/4402
	MID-YEAR REPORT - AMENDMENT	128,763	66,163	1JAN91 -30JUN91	3	92PEC/736/5383
	REQUEST FOR ADDITIONAL INFORMATION			1JAN91 -30JUN91	2	91PEC/717/2414
	REQUEST FOR ADDITIONAL INFORMATION 2ND			1JAN91 -30JUN91	3	91PEC/722/1137
	YEAR-END	508,061	540,387	1JUL91 -31DEC91	76	92PEC/736/5387
	YEAR-END - AMENDMENT	-	-	1JUL91 -31DEC91	25	92PEC/738/3812
	YEAR-END - AMENDMENT	-	-	1JUL91 -31DEC91	2	92PEC/753/3010
	YEAR-END - AMENDMENT	-	-	1JUL91 -31DEC91	5	92PEC/754/4651
	YEAR-END - AMENDMENT	-	-	1JUL91 -31DEC91	3	92PEC/754/4656
	YEAR-END - AMENDMENT	283,621	315,947	1JUL91 -31DEC91	107	92PEC/758/2511
	YEAR-END - AMENDMENT	283,621	315,947	1JUL91 -31DEC91	113	92PEC/783/5014
	YEAR-END - AMENDMENT	-	-	1JUL91 -31DEC91	45	93PEC/846/3568
	REQUEST FOR ADDITIONAL INFORMATION			1JUL91 -31DEC91	1	92PEC/746/1426
	REQUEST FOR ADDITIONAL INFORMATION 2ND			1JUL91 -31DEC91	2	92PEC/753/3887
	REQUEST FOR ADDITIONAL INFORMATION			1JUL91 -31DEC91	1	92PEC/782/2131
	REQUEST FOR ADDITIONAL INFORMATION			1JUL91 -31DEC91	1	93PEC/841/4020
	REQUEST FOR ADDITIONAL INFORMATION 2ND			1JUL91 -31DEC91	2	93PEC/843/5187
1992	STATEMENT OF ORGANIZATION - AMENDMENT			13JUL92	3	92PEC/763/3707
	MISCELLANEOUS REPORT TO FEC			9SEP92	2	92PEC/778/1034
	MISCELLANEOUS REPORT TO FEC			1OCT92	1	92PEC/782/5377
	MISCELLANEOUS REPORT TO FEC			1OCT92	2	92PEC/782/5378
	STATEMENT OF ORGANIZATION - AMENDMENT			6OCT92	3	92PEC/783/2615
	APRIL QUARTERLY	319,025	260,828	1JAN92 -31MAR92	49	92PEC/747/1952
	APRIL QUARTERLY - AMENDMENT	227,286	169,090	1JAN92 -31MAR92	62	92PEC/756/2210
	APRIL QUARTERLY - AMENDMENT	-	-	1JAN92 -31MAR92	1	92PEC/784/1400
	APRIL QUARTERLY - AMENDMENT	-	-	1JAN92 -31MAR92	23	93PEC/846/3613
	1 <sup>ST</sup> LETTER INFORMATIONAL NOTICE			1JAN92 -31MAR92	1	92PEC/782/4693
	REQUEST FOR ADDITIONAL INFORMATION			1JAN92 -31MAR92	1	93PEC/841/4019
	REQUEST FOR ADDITIONAL INFORMATION 2ND			1JAN92 -31MAR92	2	93PEC/843/5185
	JULY QUARTERLY	212,771	238,755	1APR92 -30JUN92	66	92PEC/766/2527
	JULY QUARTERLY - AMENDMENT	-	-	1APR92 -30JUN92	26	93PEC/846/3616
	REQUEST FOR ADDITIONAL INFORMATION			1APR92 -30JUN92	1	93PEC/841/4018
	REQUEST FOR ADDITIONAL INFORMATION 2ND			1APR92 -30JUN92	2	93PEC/843/5183
	OCTOBER QUARTERLY	714,793	438,427	1JUL92 -30SEP92	173	92PEC/788/3988
	OCTOBER QUARTERLY - AMENDMENT	714,793	438,427	1JUL92 -30SEP92	75	92PEC/814/1804
	OCTOBER QUARTERLY - AMENDMENT	-	-	1JUL92 -30SEP92	39	93PEC/846/3662
	REQUEST FOR ADDITIONAL INFORMATION			1JUL92 -30SEP92	1	93PEC/841/4017
	REQUEST FOR ADDITIONAL INFORMATION 2ND			1JUL92 -30SEP92	2	93PEC/843/5181
	PRE-GENERAL	56,425	271,753	1OCT92 -14OCT92	27	92PEC/814/1777
	PRE-GENERAL - AMENDMENT	-	-	1OCT92 -14OCT92	12	93PEC/846/3701
	REQUEST FOR ADDITIONAL INFORMATION			1OCT92 -14OCT92	1	93PEC/841/4016

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FEDERAL ELECTION COMMISSION  
1991-1992  
COMMITTEE INDEX OF DISCLOSURE DOCUMENTS - (C)

DATE 16JUN94

PAGE 2

COMMITTEE	DOCUMENT	RECEIPTS	DISBURSEMENTS	COVERAGE DATES	# OF PAGES	MICROFILM LOCATION
						TYPE OF FILER
	REQUEST FOR ADDITIONAL INFORMATION 2ND			10OCT92 -14OCT92	2	93FEC/843/5179
	POST-GENERAL	669,259	782,371	15OCT92 -23NOV92	56	92FEC/813/5027
	POST-GENERAL - AMENDMENT	-	-	15OCT92 -23NOV92	18	93FEC/846/3550
	REQUEST FOR ADDITIONAL INFORMATION			15OCT92 -23NOV92	2	93FEC/841/4081
	REQUEST FOR ADDITIONAL INFORMATION 2ND			15OCT92 -23NOV92	3	93FEC/843/5175
	YEAR-END	107,858	87,101	24NOV92 -31DEC92	29	93FEC/825/2349
	YEAR-END - AMENDMENT	-	-	24NOV92 -31DEC92	14	93FEC/846/3536
	YEAR-END - AMENDMENT	-	-	24NOV92 -31DEC92	7	93FEC/850/5545
	REQUEST FOR ADDITIONAL INFORMATION			24NOV92 -31DEC92	4	93FEC/841/4084
	REQUEST FOR ADDITIONAL INFORMATION 2ND			24NOV92 -31DEC92	5	93FEC/843/5170
1993	MISCELLANEOUS REPORT TO FEC			16JUN93	2	93FEC/843/0003
	TOTAL	2,416,776	0 2,369,607		0	1277 TOTAL PAGES

Ending cash-on-hand as of 12/31/92: \$47,253  
 Outstanding debts and obligations owed  
 by the committee as of 12/31/92: \$16,681.90  
 All reports have been reviewed.

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9704380076C

FEDERAL ELECTION COMMISSION  
1993-1994  
COMMITTEE INDEX OF DISCLOSURE DOCUMENTS - (C)  
DATE 16JUN94  
PAGE 1

COMMITTEE	DOCUMENT	RECEIPTS	DISBURSEMENTS	COVERAGE DATES	# OF PAGES	MICROFILM LOCATION
NEW YORK REPUBLICAN FEDERAL CAMPAIGN COMMITTEE				ID #C00055582 PARTY QUALIFIED		
CONNECTED ORGANIZATION: NY SALUTE 92/NOV SALUTE 92						
	1993 MID-YEAR REPORT	509,575	482,384	1JAN93 -30JUN93	113	93FEC/851/1379
	MID-YEAR REPORT - AMENDMENT	-	-	1JAN93 -30JUN93	3	93FEC/864/2639
	MID-YEAR REPORT - AMENDMENT	-	-	1JAN93 -30JUN93	5	94FEC/901/3157
	REQUEST FOR ADDITIONAL INFORMATION			1JAN93 -30JUN93	4	94FEC/896/0874
	REQUEST FOR ADDITIONAL INFORMATION 2ND YEAR-END			1JAN93 -30JUN93	4	94FEC/898/2497
	YEAR-END	555,107	570,333	1JUL93 -31DEC93	127	94FEC/876/1690
	YEAR-END - AMENDMENT	-	-	1JUL93 -31DEC93	1	94FEC/902/0008
	REQUEST FOR ADDITIONAL INFORMATION			1JUL93 -31DEC93	3	94FEC/896/0871
	REQUEST FOR ADDITIONAL INFORMATION 2ND YEAR-END			1JUL93 -31DEC93	4	94FEC/898/2501
	1994 APRIL QUARTERLY	341,431	329,900	1JAN94 -31MAR94	59	94FEC/892/4941
	REQUEST FOR ADDITIONAL INFORMATION			1JAN94 -31MAR94	3	94FEC/901/2128
	TOTAL	1,406,113	0 1,382,617		326	TOTAL PAGES

All reports have been reviewed.  
Ending cash-on-hand as of 3/31/94: \$70,750  
Outstanding debts and obligations owed  
by the committee as of 3/31/94: \$0



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

ATTACHMENT 2

Page 1 of 3

RQ-2

Lewis Bart Stone, Esq., Treasurer  
New York Republican Federal Campaign Committee  
c/o Rogers & Wells, 200 Park Avenue  
New York, NY 10166

APR 20 1994

Identification Number: C00055582

Reference: Mid-Year Report (1/1/93-6/30/93)

Dear Mr. Stone:

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

-The identification of each contributor, including the person's occupation and name of employer, must be provided if the person has contributed in excess of \$200 in the aggregate during the calendar year. Please amend Schedule A supporting Line 11(a)(i) for each entry lacking a contributor's name of employer and occupation.

Note: If your committee has made attempts, either by a written request or by an oral request documented in writing to obtain this information from each contributor, your committee may have exercised "best efforts." Under revised 11 CFR 104.7(b), such effort shall consist of an initial clear and conspicuous request for the name, mailing address, occupation, and name of employer of each individual who has contributed over \$200 in the calendar year which informs the contributor that the reporting of such information is required by law. If necessary, your committee must make a written follow-up request or an oral follow-up request documented in writing, within thirty days with no additional solicitation. Subsequently, the committee should report any changes provided by the contributor or any additional information which is in the committee's records. If you believe that your committee satisfies the "best efforts" provision, you should provide a copy of your solicitation or an explanation of the method(s) used to obtain contribution information. Clarification regarding "best efforts" should be disclosed during each two year election cycle beginning with the first report filed in the non-election year. 11 CFR §104.3(a)(4)(i)

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-Your report disclosed a category of financial activity that has been reflected on the wrong line of the Detailed Summary Page. Contributions to non-federal organizations should be properly disclosed on a separate Schedule B, supporting Line 29 of the Detailed Summary Page. Please refer to the instructions contained on the forms to determine the proper categorization when preparing your next filing.

-A political committee that has established separate federal and non-federal accounts under 11 CFR §102.5 must pay the entire amount of allocable expenses from either its federal account or a separately established allocation account. (11 CFR §106.5(g)) Your report appears to disclose a failure to comply with this requirement. The Commission recommends that you reimburse your non-federal account for the federal share of any allocable expenses which were not paid by the federal account.

Please provide a photocopy of your check for any reimbursement. In addition, the Commission recommends that your committee establish procedures to ensure future compliance with the allocation regulations.

Although the Commission may take further legal steps concerning this matter, your prompt action will be taken into consideration.

-Schedule H3 discloses receipt of \$83,712.13 from your non-federal account for a fundraising event(s) which is listed as 100% non-federal on Schedules H2 and H4. A committee is permitted to pay the entire amount of an allocable activity from its federal account and receive a transfer(s) from its non-federal account solely to cover the non-federal share of the allocable expense(s). 11 CFR §106.5(g)(i). However, a 100% non-federal fundraising event does not fall within the definitions of an allocable expense, and constitutes an impermissible transfer of funds received by your federal account from your non-federal account.

The Commission recommends you immediately transfer the total amount received by your federal account back to your non-federal account. Although the Commission may take further legal action concerning this prohibited activity, your prompt action will be taken into consideration.

-Schedules H2 and H4 indicate that the non-federal allocation for the "Empire Club event with Oliver North" fundraising costs is 31% or \$890.18. Schedule H3 of your report discloses a transfer-in of 100% or \$2,871.55 from your non-federal account for this fundraising

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event. Please clarify this discrepancy and transfer the excessive non-federal amount back to the non-federal account, if appropriate.

A written response or an amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 219-3580.

Sincerely,



Donald L. Averett  
Senior Reports Analyst  
Reports Analysis Division

97043800763



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20461

ATTACHMENT 3  
Page 1 of 2

RQ-2

Lewis Bart Stone, Esq., Treasurer  
New York Republican Federal  
Campaign Committee  
c/o Rogers & Wells, 200 Park Avenue  
New York, NY 10166

APR 20 1994

Identification Number: C00055582

Reference: Year End Report (7/1/93-12/31/93)

Dear Mr. Stone:

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

-The identification of each contributor, including the person's occupation and name of employer, must be provided if the person has contributed in excess of \$200 in the aggregate during the calendar year. Please amend Schedule A supporting Line 11(a)(i) for each entry lacking a contributor's name of employer and occupation.

Note: If your committee has made attempts, either by a written request or by an oral request documented in writing to obtain this information from each contributor, your committee may have exercised "best efforts." Under revised 11 CFR 104.7(b), such effort shall consist of an initial clear and conspicuous request for the name, mailing address, occupation, and name of employer of each individual who has contributed over \$200 in the calendar year which informs the contributor that the reporting of such information is required by law. If necessary, your committee must make a written follow-up request or an oral follow-up request documented in writing, within thirty days with no additional solicitation. Subsequently, the committee should report any changes provided by the contributor or any additional information which is in the committee's records. If you believe that your committee satisfies the "best efforts" provision, you should provide a copy of your solicitation or an explanation of the method(s) used to obtain contribution information. Clarification regarding "best efforts" should be disclosed during each two year election cycle beginning with the first report filed in the non-election year. 11 CFR §104.3(a)(4)(i)

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-Schedule H3 discloses receipt of \$42,733.30 from your non-federal account for fundraising and exempt expenditure event(s) which is listed as 100% non-federal on Schedules H2 and/or H4. A committee is permitted to pay the entire amount of an allocable activity from its federal account and receive a transfer(s) from its non-federal account solely to cover the non-federal share of the allocable expense(s). 11 CFR §106.5(g)(i). However, a 100% non-federal fundraising or exempt expenditure event does not fall within the definitions of an allocable expense, and constitutes an impermissible transfer of funds received by your federal account from your non-federal account.

The Commission recommends you immediately transfer the total amount received by your federal account back to your non-federal account. Although the Commission may take further legal action concerning this prohibited activity, your prompt action will be taken into consideration.

-On Schedule H4 supporting Line 21(a) of the Detailed Summary Page, you have failed to include a unique identifying title or code for the payment made for fundraising and exempt activities. 11 CFR §104.10. Please amend this report (including all affected schedules) to provide a unique identifying title or code for each PURPOSE/EVENT.

-On Schedule H4 supporting Line 21(a) of the Detailed Summary Page, you have failed to include the total EVENT YEAR-TO-DATE amount for payment(s) made. Please amend your report to include the missing EVENT YEAR-TO-DATE total(s).

A written response or an amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 219-3580.

Sincerely,



Donald L. Averett  
Senior Reports Analyst  
Reports Analysis Division

97043800765

## TELECON

ANALYST: Donald L. Averett

CONVERSATION WITH: Jeffrey Buley, attorney

COMMITTEE: New York Republican Federal Campaign Committee  
(C00055582)

DATE: 5/5/94

SUBJECT: Transfer-in for 100% Non-Federal Activity

Mr. Jeffrey Buley, an attorney for the committee, telephoned the Commission in response to letters concerning the 1993 Mid Year and Year End Reports. Mr. Buley explained that the committee had established a separate allocation account for shared federal and non-federal activity. He said that the transactions which were questioned reflected 100% non-federal activities which were paid out of the allocation account. He further stated that reimbursements were transferred-in from the non-federal account and disclosed on Schedule H3.

I advised Mr. Buley that the allocation account should only be used for shared federal and non-federal activities and that 100% non-federal expenses should not be paid through or reimbursed through the allocation account. I told Mr. Buley that I would seek additional information to determine whether or not a refund to the non-federal account would be required.

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## TELECON

ANALYST: Donald L. Averett

CONVERSATION WITH: Jeffrey Buley, attorney

COMMITTEE: New York Republican Federal Campaign Committee  
(C00055582)

DATE: 5/11/94

SUBJECT: Requirement to Transfer-out Excessive Funds Received from  
Non-Federal Account

I telephoned Mr. Buley and advised him that the committee had not disclosed any refunds to its nonfederal account for excessive amounts transferred-in during the 1991-1992 election cycle. I told him that further analysis of the committee's 1991-1992 reports indicated that the non-federal account had over-compensated the federal account by \$26,255.42 and that this amount should be be refunded immediately. Mr. Buley stated that the committee would transfer-out the \$26,255.42 and provide a photocopy of the check.

I advised Mr. Buley that the transfers-in from the non-federal account for 100% non-federal activity, disclosed on the 1993 Mid Year and Year End Reports, were impermissible. I further advised Mr. Buley that the committee should transfer-out the \$186,659.45 received for this purpose.

Mr. Buley stated that he did not believe the committee should be required to refund the amount received as reimbursement for 100% non-federal activity. Mr. Buley said that all of the initial expenditures were for non-federal activities and that the transfer-in had not resulted in any benefit to the federal account.

I again advised Mr. Buley that the committee should transfer-out the receipts for 100% non-federal activity. I further advised Mr. Buley to file a letter presenting any arguments disagreeing with the requirement to make the transfer.

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NEW YORK REPUBLICAN FEDERAL CAMPAIGN COMMITTEE  
C00055582

Nonfed	Total Admin Expenses	Transfers from
1991 MY	\$ 29,126.10	\$ 0.00
1991 YE	\$ 252,491.74	\$145,765.85
1992 Q1	\$ 142,394.73	\$ 74,394.10
1992 Q2	\$ 169,827.80	\$ 80,777.27
1992 Q3	\$ 326,901.71	\$158,287.62
1992 12G	\$ 204,903.01	\$ 21,462.17
1992 30G	\$ 117,326.08	\$ 34,321.87
1992 YE	\$ 86,101.58	\$ 78,291.23
	<u>\$1,329,072.75</u>	<u>Total transfer-in \$593,300.11</u>
	X 57%	
<b>Nonfed share of Admin</b>	<b>\$ 757,571.47</b>	Fed share paid by Nonfed 1991 MY \$ 86,135.88 (43% of \$200,316)
		Fed share paid by Nonfed 1992 30G \$ 39,405.29
		Pre 1991 debt to Nonfed forgiven <u>\$ 48,303.51</u>
		<b>Subtotal (91-92) \$767,144.79</b>
		Excess transferred-in for purpose of paying portion of Fed share 1993 MY <u>\$ 16,681.90</u>
		<b>Total "paid" by Nonfed <u>\$783,826.69</u></b>

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FEDERAL ELECTION COMMISSION  
WASHINGTON D.C. 20461

RQ-3  
May 12, 1994

Lewis Bart Stone, Esq., Treasurer  
New York Republican Federal  
Campaign Committee  
c/o/ Rogers & Wells, 200 Park Avenue  
New York, NY 10166

Identification Number: C00055582

Reference: Year End (7/1/93-12/31/93) and Mid-Year (1/1/93-6/30/93) Reports

Dear Mr. Stone:

This letter is to inform you that as of May 11, 1994, the Commission has not received your response to our requests for additional information dated April 20, 1994. Those notices requested information essential to full public disclosure of your federal election financial activity and to ensure compliance with provisions of the Federal Election Campaign Act (the Act). Copies of our original requests are enclosed.

If no response is received within fifteen (15) days from the date of this notice, the Commission may choose to initiate audit or legal enforcement action.

If you should have any questions related to this matter, please contact Donald L. Averett on our toll-free number (800) 424-9530 or our local number (202) 219-3580.

Sincerely,

*John D. Gibson*  
John D. Gibson  
Assistant Staff Director  
Reports Analysis Division

Enclosures

97043800769



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

BQ-2

Lewis Bart Stone, Esq., Treasurer  
New York Republican Federal Campaign  
Committee  
c/o Rogers & Wells, 200 Park Avenue  
New York, NY 10166

JUN 1 1994

Identification Number: C00055582

Reference: April Quarterly Report (1/1/94-3/31/94)

Dear Mr. Stone:

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

-The identification of each contributor, including the person's occupation and name of employer, must be provided if the person has contributed in excess of \$200 in the aggregate during the calendar year. Please amend Schedule A supporting Line 11(a)(i) for each entry lacking a contributor's name of employer and occupation.

Note: If your committee has made attempts, either by a written request or by an oral request documented in writing to obtain this information from each contributor, your committee may have exercised "best efforts." Under revised 11 CFR 104.7(b), such effort shall consist of an initial clear and conspicuous request for the name, mailing address, occupation, and name of employer of each individual who has contributed over \$200 in the calendar year which informs the contributor that the reporting of such information is required by law. If necessary, your committee must make a written follow-up request or an oral follow-up request documented in writing, within thirty days with no additional solicitation. Subsequently, the committee should report any changes provided by the contributor or any additional information which is in the committee's records. If you believe that your committee satisfies the "best efforts" provision, you should provide a copy of your solicitation or an explanation of the method(s) used to obtain contribution information. Clarification regarding "best efforts" should be disclosed during each two year election cycle beginning with the first report filed in the non-election year. 11 CFR §104.3(a)(4)(i)

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-Schedule H3 discloses receipt of \$60,214.02 from your non-federal account for an Exempt Expenditure event(s) which is listed as 100% non-federal on Schedules H2 and H4. A committee is permitted to pay the entire amount of an allocable activity from its federal account and receive a transfer(s) from its non-federal account solely to cover the non-federal share of the allocable expense(s). 11 CFR §106.5(g)(i). However, a 100% non-federal exempt expenditure event does not fall within the definitions of an allocable expense, and constitutes an impermissible transfer of funds received by your federal account from your non-federal account.

The Commission recommends you immediately transfer the total amount received by your federal account back to your non-federal account. Although the Commission may take further legal action concerning this prohibited activity, your prompt action will be taken into consideration.

A written response or an amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 219-3580.

Sincerely,



Donald L. Averett  
Senior Reports Analyst  
Reports Analysis Division

97043800771



# NEW YORK REPUBLICAN STATE COMMITTEE

CLAUDE I. EVERETT  
State

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
JUN 3 9 01 AM '94

June 1, 1994

Donald L. Averett  
Senior Reports Analyst  
Reports Analysis Division  
Federal Election Commission  
Washington, D.C. 20463

Identification Number: C00035982  
Reference: Mid-Year Report (1/1/93-6/30/93)  
Year End Report (7/1/93-12/31/93)

Dear Mr. Everett:

Please excuse my tardiness in responding to your letters, the response period coincided with our legally required State Republican Convention. My complete attention as pro-bono attorney for the committee was required by the convention.

First, pursuant to our phone conversation of approximately May 15, 1994, please be advised that \$26,255 has been transferred from our federal account to our non-federal account for remedial purposes regarding 1991-1992 allocations (see attached check and deposit slip).

Second, regarding your letters on our mid-year report (1/1/93-6/30/93) and our year end report (7/1/93-12/31/93):

• All contribution solicitations in 1993 complied with the then applicable "best efforts" regulations. Furthermore, follow-up phone calls were made by the committee to ascertain any omitted information by contributors.

• Regarding your comments on the 100% non-federal transfers, for allocated expenses, the committee utilizes the payment from allocation account method. We do not utilize the payment from the federal account method. We acknowledge that during 1993, the committee did make transfers into the allocation account consisting of 100% non-federal funds and 0% federal funds. These transfers were made to support our "Victory '93" operations which were conducted on behalf of the non-federal, New York City

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SW



# NEW YORK REPUBLICAN STATE COMMITTEE

WILLIAM G. FORDEN

Chairman

Mayoral Campaign. Based on conversations with FEC staff, we now acknowledge that such transfers were inadvertent technical mistakes. At the time they were made, however, we were abiding to the Federal Election Law's spirit of full disclosure.

By funding "Victory '93" operations through our allocation account with 100% non-federal transfers, we were reporting and providing notice to the FEC that we had determined this election to have no federal involvement and thus requiring no federal monies. We could have omitted any reporting to the FEC and paid these operations directly out of our state account. In that event, the FEC would have never been aware of these expenditures. We did not do this, however, because we wished to fully disclose our activities to the FEC. Because we implement the payments from allocation account method, which as you know is operated as a zero-sum account for each individual expenditure, there was absolutely no commingling of federal and non-federal monies. Furthermore, since there were no federal elections in New York in 1993, there is not even a remote chance that non-federal monies were spent on federal candidates. Consequently, your recommendations for transfers from our federal account to our state account would only penalize us for overdisclosure when in fact no commingling of federal and non-federal funds occurred. The committee is now remedying our administrative procedures and will no longer transact any 100% non-federal transfers to our allocation account.

\* The committee acknowledges its error regarding the "Oliver North" event and has transferred \$1981.37 from its federal account to a non-federal account to remedy the error. (See attached check.)

Thank you for your cooperation.

Very truly yours,

Jeffrey T. Buley  
Counsel

New York Republican State Committee

97043800773  
039013155

TOTAL  
PAGES

1

Checks and other items are deposited for  
credit subject to the provisions of the  
Uniform Commercial Code of the  
applicable reference agreement.

DEPOSITS MAY NOT BE AVAILABLE  
FOR WITHDRAWAL IMMEDIATELY

26,255 -

NEW YORK REPUBLICAN STATE COMMITTEE  
REPORTING ACCOUNT



⑆5060⑉0000⑆ 88 88 228 4⑈

transfer per JTB  
for FEC report correct

77043800774  
2:J39J13159

NEW YORK REPUBLICAN  
FEDERAL CAMPAIGN COMMITTEE  
315 STATE STREET  
ALBANY, NY 12210

⑆7/23

1045

31 May 19 94

PAY TO THE ORDER OF NYRSC Reporting Account 11142214 \$ 26,255.00

Twenty six thousand two hundred fifty-five and 00/100



The Bank of New York  
229 Broadway Avenue  
Albany, NY 12210

04

FEC report correct.

*Joseph J. ...*

⑆02630007⑆ 88 88 229 4⑈ 1045

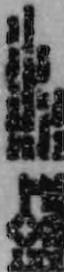
DEPOSIT TICKET

Please do not write on this deposit ticket. It will be destroyed  
FOR CLEAR COPY, PLEASE REMOVE ALL STAMPS AND MARKS.

31 May 94

DEPOSIT TICKET

NEW YORK REPUBLICAN STATE COMMITTEE



DEPOSITED 2 June 1994  
BY THE NEW YORK REPUBLICAN STATE COMMITTEE  
LAST CHECKED CORRECTLY ON AFTERNOON 1/27/94

1981.37



\$ 1981.37

65143-3290 511 000463 6P

0 north allocation correction

8793A938103017375

NEW YORK REPUBLICAN FEDERAL CAMPAIGN COMMITTEE  
510 STATE STREET ALBANY, NY 12216

2-173 1047

PAID TO THE ORDER OF NYRSC By Operating Acct 1 June 1994 \$ 1,981.37

One thousand nine hundred eighty one and 37/100 DOLLARS

MEMO north allocation

1700 522 60 0047

*John P. Deary*



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel *Rad*

DATE: June 24, 1996

SUBJECT: RAD Referral 93L-76 - First G.C. Rpt.

The attached is submitted as an Agenda document for the Commission Meeting of \_\_\_\_\_

Open Session \_\_\_\_\_

Closed Session \_\_\_\_\_

CIRCULATIONS

DISTRIBUTION

72 Hour Tally Vote (XX)  
Sensitive (XX)  
Non-Sensitive ( )

Compliance (XX)  
Audit Matters ( )

24 Hour Tally Vote ( )  
Sensitive ( )  
Non-Sensitive ( )

Litigation ( )  
Closed Letters ( )  
MUR ( )  
DSP ( )

24 Hour No Objection ( )  
Sensitive ( )  
Non-Sensitive ( )

Status Sheets ( )

Information ( )  
Sensitive ( )  
Non-Sensitive ( )

Advisory Opinions ( )

Other ( )

Other (See Distribution below)

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**SENSITIVE**

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

**FIRST GENERAL COUNSEL'S REPORT**

RAD REFERRAL: 93L-76  
Date Activated: August 3, 1995  
Staff Member: Eugene H. Bull

Source: INTERNALLY GENERATED

RESPONDENTS: New York Republican Federal Campaign Committee  
and Lewis Bart Stone, as treasurer  
New York Republican State Committee  
and Lewis Bart Stone, as treasurer

RELEVANT STATUTES: 2 U.S.C. § 441b  
11 C.F.R. § 102.5(a)  
11 C.F.R. § 106.5(a)  
11 C.F.R. § 106.5(d)  
11 C.F.R. § 106.5(f)  
11 C.F.R. § 106.5(g)

INTERNAL REPORTS CHECKED: Disclosure Reports

FEDERAL AGENCIES CHECKED: None

**I. GENERATION OF MATTER**

This matter was generated based on information ascertained by the Federal Election Commission ("the Commission") in the normal course of carrying out its supervisory responsibilities. See 2 U.S.C. § 437g(a)(2). The Reports Analysis Division ("RAD") alerted the Office of General Counsel ("OGC") on October 29, 1993, that it had identified a number of transactions between the New York Republican Federal Campaign Committee and Lewis Bart Stone, as treasurer, ("the Federal Committee") and the New York Republican State Committee and

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Lewis Bart Stone, as treasurer, ("the State Committee"),<sup>1</sup> (hereinafter referred to together as the "Respondents"), which appeared to violate the allocation rules found at 11 C.F.R. § 106.5(g). On June 16, 1994, RAD informed OGC that it had identified some additional transactions which appeared to violate 11 C.F.R. § 106.5(g).

**II. FACTUAL AND LEGAL ANALYSIS**

**A. Applicable Law**

An organization which is a political committee under the Federal Election Campaign Act of 1971, as amended, (the "Act") must follow prescribed allocation procedures when financing political activity in connection with federal and nonfederal elections. 11 C.F.R. §§ 102.5 and 106.5(g)(1). These rules implement the contribution and expenditure limitations and prohibitions established by 2 U.S.C. §§ 441a and 441b.

Each political committee, including a party committee, which finances political activity in connection with both federal and nonfederal elections is required to establish a separate federal account for all disbursements, contributions, expenditures and transfers by the committee in connection with any federal election, unless it receives only contributions subject to the prohibitions and limitations of the Act. 11 C.F.R. § 102.5(a)(1)(i) and (ii). No transfers may be made to such federal account from any other account(s) maintained by such committee for the purpose of financing activity in connection with nonfederal elections, except as provided for in 11 C.F.R. § 106.5(g), and only funds subject to the prohibitions and limitations of the Act shall be deposited in such separate federal account. *Id.* Pursuant to 11 C.F.R. § 106.5(a), disbursements made by party committees in connection with federal and nonfederal elections must consist

<sup>1</sup> The State Committee is a nonfederal account of the New York Republican Party.

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entirely of funds subject to the prohibitions and limitations of the Act, or funds from accounts established pursuant to 11 C.F.R. § 102.5.

A party committee which has established separate federal and nonfederal accounts under 11 C.F.R. § 102.5 must pay the expenses of joint federal and nonfederal activities in either one of two ways: (1) the committee shall pay the entire amount of an allocable expense from its federal account and subsequently transfer funds from its nonfederal account to its federal account solely to cover the nonfederal share of that allocable expense, or (2) the committee shall establish a separate allocation account into which funds from its federal and nonfederal accounts are deposited solely for the purpose of paying the allocable expenses of joint federal and nonfederal activities.

11 C.F.R. § 106.5(g)(1)(i) and (ii). For state and local party committees, administrative expenses and generic voter drive costs are allocated using the "ballot composition method" and fundraising expenses are allocated using the "funds received method." 11 C.F.R. § 106.5(d) and (f).

Once a committee has established a separate allocation account, all allocable expenses must be paid from that account for as long as the account is maintained. 11 C.F.R.

§ 106.5(g)(1)(ii). For each transfer of funds from a committee's nonfederal account to its federal account or allocation account, the committee must itemize in its reports the allocable activities for which the transferred funds are intended to pay; and the transfer must be made not more than 10 days before or 30 days after the payments for which they are designated are made. 11 C.F.R.

§ 106.5(g)(2)(ii)(B).<sup>2</sup> If these requirements are not met, such transfer shall be presumed to be a loan or contribution from the nonfederal to the federal account in violation of the Act. 11 C.F.R.

§ 106.5(g)(2)(iii).

<sup>2</sup> This section was amended, effective June 18, 1992, to increase the post payment reimbursement period from 30 to 60 days. See 57 Fed. Reg. 8990 (1992).

## B. Background

At the start of 1991, the New York Republican Federal Campaign Committee reported a debt of \$48,303.15 owed to the New York Republican State Committee because of administrative expenses which the State Committee had paid on its behalf during the second quarter of 1990. This amount grew in the first six months of 1991 because the State Committee paid all administrative and fundraising expenses for joint activity with the Federal Committee during that period. By the end of 1991, the debt the Federal Committee owed to the State Committee was reported to be \$151,242.15.<sup>3</sup>

The Federal Committee made payments which totaled \$11,242.15 against this amount during the first and second quarters of 1992. See Schedule D, 1992 April and July Quarterly Reports. Additionally, the Federal Committee recalculated its allocable share of administrative expenses between January 1991 and June 1992 in the 1992 July Quarterly Report, in response to the publication of revised regulations at 11 C.F.R. § 106.5, governing the allocation of administrative expenses and generic voter drive costs between federal and nonfederal committees. See 57 Fed. Reg. 8990 (1992). The recalculation resulted in a reduction of \$59,759.58 in the stated debt owed to the State Committee.

By the latter half of 1992, a debt balance of \$80,240.42 owed to the State Committee was being reported. Beginning about that time, the Federal Committee paid numerous joint federal/nonfederal administrative expenses with a 100% federal share rather than applying the normal allocation of a 43% federal share "due to initial logistical difficulties in establishing and

<sup>3</sup> This figure is derived from adding \$48,303.15 to \$102,939, amounts of administrative and fundraising expenses which the State Committee paid on behalf of the Federal Committee during the second quarter of 1990 and the first half of 1991, respectively. See October 29, 1993 referral to the Office of General Counsel, Attachment 1 at 1 and 4.

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implementing the State Committee's Victory '92 Program." Attachment 1 at 30. These payments by the federal account of the nonfederal share were tallied and reported as a loan of \$174,281.23 to the State Committee. This loan was then used to offset the \$80,240.42 pre-existing debt reportedly owed by the Federal Committee to the State Committee. *Id.* at 31.

Following the overpayment by the Federal Committee and the subsequent offset, the State Committee then owed the Federal Committee a balance of \$94,040.81. This balance was addressed in the following ways: (1) the State Committee paid \$39,405.29 in disbursements for the Federal Committee in the final quarter of 1992, (2) the State Committee transferred \$37,953.62 to the allocation account to pay for the Federal Committee's share of allocable expenses in the final quarter of 1992, and (3) the State Committee transferred \$16,681.90 to the allocation account to pay for the Federal Committee's share of allocable expenses in the first half of 1993. *See Id.* at 26 and Schedule C, 1993 Mid-Year Report. These transactions resulted in the initial referral of the Federal Committee to the Office of General Counsel.

In the Enforcement Priority System's Quarterly Report dated April 5, 1994, the Office of General Counsel recommended that the Commission decline to open a MUR and close the file in this case. The Commission instead, at its Executive Session on May 5, 1994, decided to hold in abeyance any action on the referral until additional information on the committee's 1991 to 1993 allocation activity was provided by RAD. On June 16, 1994, RAD brought to the attention of the Office of General Counsel additional Federal Committee activity which appeared to violate the Act. *See* June 16, 1994 update to the referral to the Office of General Counsel, Attachment 2 at 1. The State Committee had made transfers of \$186,659.45 in nonfederal funds to the allocation account to pay for purportedly 100% nonfederal activity. These transfers had been made in 1993 and 1994. Attachment 2 at 1 and 2.

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Finally, in May of 1994, the Federal Committee transferred \$26,255 to the State Committee in accordance with a RAD calculation of the impermissible amounts the Federal Committee had received from the State Committee in connection with the Federal Committee's recalculation of the allocable share of administrative expenses pursuant to the revised regulations at 11 C.F.R. § 106.5. However, the Federal Committee refused to transfer out, in keeping with another RAD recommendation, the \$186,659.45 of solely nonfederal funds which it had deposited into the allocation account in 1993 and 1994 and used to fund purportedly 100% nonfederal activity. See Attachment 2 at 2, 14, and 19.

**C. Analysis**

**1. Disbursements for allocable expenses in the first half of 1991 from the State Committee.**

Since the January 1, 1991 effective date of the Commission's current allocation procedures, committees have been required to allocate all expenses in connection with both federal and nonfederal elections in either one of two ways: (1) the committee shall pay the entire amount of an allocable expense from its federal account and subsequently transfer funds from its nonfederal account to its federal account solely to cover the nonfederal share of that allocable expense, or (2) the committee shall establish a separate allocation account into which funds from its federal and nonfederal accounts are deposited solely for the purpose of paying the allocable expenses of joint federal and nonfederal activities. 11 C.F.R. § 106.5(g)(1)(i) and (ii).

The \$151,242.15 debt which the Federal Committee was reporting as owed to the State Committee by the end of 1991, included \$102,939 in administrative and fundraising expenses paid in advance by the State Committee on behalf of the Federal Committee in connection with joint federal/nonfederal activity in the first half of 1991. While such advance payments by the

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nonfederal account were permissible under the former allocation rules, they did not comply with either one of the two methods of paying for joint federal and nonfederal activities under the revised allocation rules which became effective January 1, 1991. See 11 C.F.R. § 106.5(g). Accordingly, this Office recommends that the Commission find reason to believe that Respondents violated 11 C.F.R. §§ 102.5(a)(1)(i) and 106.5(g)(1)(i)<sup>4</sup> in connection with the State Committee's advance payments of administrative and fundraising expenses of the Federal Committee in the first half of 1991.<sup>5</sup> Additionally, because the State of New York allows corporations and labor organizations to contribute up to \$5,000 per year to state committees [see N.Y. Elec. Law § 14-116 (McKinney 1995)], this Office recommends that the Commission find reason to believe that Respondents violated 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a)(1)(i).<sup>6</sup>

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<sup>4</sup> Based on the evidence, it is not clear whether the Federal Committee had established a separate allocation account in the first half of 1991. It was not until its 1991 Year End Report that the Federal Committee first showed a transfer to a separate allocation account. Accordingly, this Office is recommending that the Commission find a violation by the Federal Committee for a failure to pay the entire amount of allocable expenses from their federal account as opposed to a failure to pay allocable expenses from the separate allocation account.

<sup>5</sup> Although this activity was not part of the referral in this matter, this Office is recommending that the Commission find reason to believe that this activity resulted in violations of the Act and the Commission's regulations because of the interrelatedness of this activity and the matter that was referred.

<sup>6</sup> In the past, the Commission has found that where an organization with federal and nonfederal accounts appears to have violated 11 C.F.R. § 102.5 by disbursing funds from its nonfederal account in connection with a federal election, the organization, or at least its federal committee, may have also violated 2 U.S.C. § 441b if the nonfederal account contained corporate or labor organization funds at the time of the disbursement. See MURs 2998 (organization); and 2160 (federal account).

2. **The \$174,281.23 of State Committee's allocable share of administrative expenses paid by the Federal Committee, the \$80,240.42 debt offset, and the payment by the State Committee of \$94,040.81 in itemized administrative and allocable expenses of the Federal Committee in the final quarter of 1992 and the first half of 1993.**

The allocation regulations listed at 11 C.F.R. § 106.5(a) and (g) provide specific procedures for the allocation of expenses and the transfer of reimbursements between nonfederal and federal accounts. Those regulations do not prohibit federal accounts from paying outright the expenses of nonfederal accounts, but require that committees which have established a separate allocation account pay all allocable expenses from that account for as long as the account is maintained. 11 C.F.R. § 106.5(g)(1)(ii). The payment by the Federal Committee of \$174,281.23 of the State Committee's allocable share of administrative expenses as a means of repaying its debt to the State Committee, the \$80,240.42 debt offset, and the \$94,040.81 payment by the State Committee of itemized administrative and allocable expenses of the Federal Committee, are not consistent with these procedures. First, the Federal Committee could not pay the State Committee's share of allocable expenses as a method of repaying its debt to the State Committee, because this is not contemplated by 11 C.F.R. § 106.5. Moreover, the \$80,240.42 debt offset appears to have violated 11 C.F.R. § 106.5(g)(1)(ii) because it was essentially a reimbursement to the State Committee for the allocable expenses which it had previously paid on behalf of the Federal Committee, instead of a payment through the allocation account which the committees had established as early as July 3, 1991.

The regulations found at 11 C.F.R. § 106.5(a) and (g) could not be satisfied by merely debiting and crediting the State and Federal Committee accounts, as was the case with Respondents' debt offset approach. 11 C.F.R. § 106.5(g)(1)(ii) requires that, "[t]he committee shall establish a separate allocation account into which funds from its federal and non-federal

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accounts shall be deposited. . . ." (Emphasis added.) Under this procedure, disbursements for allocable expenses should be disclosed by a committee's federal account under the Act's reporting requirements. Additionally, under this procedure, transfers of nonfederal funds may not be made more than 10 days before or more than 60 days after the payments for which they are designated are made, and must be itemized in the committee's reports to show allocable activities for which they are intended to pay. 11 C.F.R. § 106.5(g)(2)(ii)(B).<sup>7</sup> This was not done in the case of the debt offset, because the amount of the offset was not related to specific allocable activities but rather to a previous amount reportedly owed by the Federal Committee to the State Committee.

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 "[The allocation rules are designed to] allow the Commission to track the flow of non-federal funds into federal accounts, and to ensure that the use of such funds is strictly limited to payment for the non-federal share of allocable activities."<sup>8</sup> When committees fail to adhere to these rules, the Commission is not provided with sufficient disclosure of the federal and nonfederal portions of allocated disbursements, and thus the very basis for the allocation procedures is undermined.

For similar reasons, the State Committee could not pay \$94,040.81 in itemized administrative and allocable expenses of the Federal Committee to offset the balance it owed the Federal Committee for its share of Victory '92 allocable expenses. The payment of \$39,405.29 in federal administrative expenses and \$54,635.52 (\$37,953.62 + \$16,681.90) in allocable expenses of the Federal Committee by the State Committee is not contemplated by the Act or the Commission's regulations. The only costs which are to be allocated or reimbursed between

<sup>7</sup> By the time of the debt offset in the latter half of 1992, this section had been amended to increase the post payment reimbursement period from 30 to 60 days. See 57 Fed. Reg. 8990 (1992).

<sup>8</sup> 55 Fed. Reg. 26061, 26066 (1990).

federal and nonfederal accounts are those costs which are in connection with both federal and nonfederal elections. See 11 C.F.R. § 106.5(a). Further, all allocable expenses must have been paid from the separate allocation account established by the committees. 11 C.F.R.

§ 106.5(g)(1)(ii). Thus, the State Committee paid 100% federal administrative expenses and allocable expenses of the Federal Committee totaling \$94,040.81, in violation of 2 U.S.C. § 441b, 11 C.F.R. §§ 102.5(a)(1)(i) and 106.5(g)(1)(ii).

Moreover, payments by the State Committee of 100% federal administrative expenses and allocable expenses of the Federal Committee did not represent a "transfer of funds" or "reimbursement" under 11 C.F.R. § 106.5(g). Legislative history suggests that the term "transfer" is to be limited to funds flowing between or among affiliated committees, committees authorized by the same candidate, or political party committees regardless of whether such committees are affiliated. See H.R. Rep. No. 422, 96 Cong., 2nd Sess., at 7 (1979), reprinted in 1979 U.S.C.C.A.N. 2866. Hence, an attempt to reimburse the Federal Committee for amounts owed to it by the State Committee was not a "transfer" under 11 C.F.R. § 106.5(g) when the State Committee made payments directly to third party vendors on the Federal Committee's behalf. Additionally, the committees could not even engage in "reimbursement transactions" under 11 C.F.R. § 106.5(g), because they had already established an allocation account by July of 1991 and were therefore obligated under 11 C.F.R. § 106.5(g)(1)(ii) to fund all joint federal/nonfederal activity through the allocation account.<sup>9</sup>

<sup>9</sup> This Office notes that the allocation procedures are not merely technical reporting requirements. The procedures are critical to the Commission's ability to monitor whether expenses have been allocated and paid for properly. One way that the procedures enhance this "monitoring" function of the Commission is by specific regulations which prevent federal and state accounts from circumventing the commingling prohibitions by keeping what could be characterized as a "running tab" -- paying funds out of whichever committee account happens to be solvent. The State Committee's direct payment to vendors on behalf of the Federal Committee is not in keeping with these regulations, especially since the evidence suggests that a "running tab" method is precisely the way finances of the State and Federal Committees were handled.

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For the foregoing reasons, this Office recommends that the Commission find reason to believe that the Federal Committee violated 11 C.F.R. § 106.5(g)(1)(ii) in connection with the debt offset. This Office also recommends that the Commission find reason to believe that Respondents violated 2 U.S.C. § 441b, 11 C.F.R. § 102.5(a)(1)(i) and 11 C.F.R. § 106.5(g)(1)(ii) in connection with the State Committee's payment of \$94,040.81 in itemized administrative expenses and allocable expenses of the Federal Committee.

**3. Retroactive recalculation of allocation ratios in the 1992 July Quarterly Report to reduce the Federal Committee's reported debt to the State Committee by \$59,759.58.**

On June 18, 1992, the Commission announced that the amendments to 11 C.F.R. § 106.5(d) which had been published on March 13, 1992 were effective retroactive to January 1, 1991. See 57 Fed. Reg. at 27146 (1992). The textual changes in subsection (d) granted state and local party committees the right to add an additional nonfederal point in computing allocable administrative expenses and generic voter drive costs with the ballot composition method. This effectively meant that a given expense allocation ratio for a federal committee would be necessarily lower since this ratio was derived from the ratio of total federal offices ("federal points") to total federal and nonfederal offices ("nonfederal points") in the next general election. In keeping with these revised regulations, the Federal Committee could have recalculated its allocation ratios retroactive to January 1, 1991.

However, the Federal Committee's recalculation apparently resulted in a FECA violation for two reasons. First, in retroactively recalculating its allocable share of administrative expenses between January 1, 1991 and June 31, 1992 in the 1992 July Quarterly Report, the Federal Committee used figures for total administrative expenses which exceeded the figures for total administrative expenses on the Joint Federal/Nonfederal Activity Schedule of its disclosure

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reports.<sup>10</sup> An examination of Respondents' "funds received method" allocation ratios over the period of adjustment indicates that the Federal Committee's allocable share of fundraising expenses averaged much more than 50%.<sup>11</sup> Thus, by recalculating administrative expenses at a level which exceeded actual administrative expenses, the Federal Committee apparently recalculated some fundraising expenses for which it would have been more than 50% liable under the "funds received method" ratio at the revised lower "ballot composition method" ratio of 43%. Viewed this way, the Federal Committee's recalculation of administrative expenses resulted in the excessive allocation of joint federal/nonfederal expenses to the State Committee,<sup>12</sup> and hence violated 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a)(1)(i).<sup>13</sup>

Second, the Federal Committee also recalculated its share of administrative expenses for the first two weeks of July 1992, even though the original report covering that period, the 1992 October Quarterly Report, already had used the additional nonfederal point to arrive at federal/nonfederal allocation ratios. This recalculation of administrative expenses which already had been correctly calculated using the additional federal point per the revised regulations apparently also resulted in violations of 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a)(1)(i).

<sup>10</sup> It appears that the discrepancy is at least partly due to the fact that the figures used in the Federal Committee's recalculation are based on doubling the amount transferred from the nonfederal to the federal account over the reporting period, rather than the actual total of allocable expenses reported on schedule H4 of the disclosure reports.

<sup>11</sup> The following list shows the percentages of federal share of fundraising expenses for various activity as reported on schedule H2 of the referenced reports: (1) 1991 Mid-Year Report: 49, 66; (2) 1991 Year End Report: 0, 25, 36, 58, 60, 64, 90, 96; (3) 1992 April Quarterly Report: 0, 58, 64, 89, 94; (4) 1992 July Quarterly Report: 75, 94, 96, 97, 97.

<sup>12</sup> The Federal Committee's recalculation of administrative expenses resulted in a \$59,759.58 reduction in its reported debt to the State Committee.

<sup>13</sup> See note 5, *supra*.

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For the foregoing reasons, this Office recommends that the Commission find reason to believe that the Federal Committee violated 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a)(1)(i) in connection with the recalculation of its allocable share of administrative expenses.

**4. The transfer of nonfederal funds into the allocation account to pay for 100% nonfederal expenditures.**

There were two series of transfers of nonfederal funds into the allocation account; one totaling \$126,445.43 in 1993, and another totaling \$60,214.02 in 1994, an election year. Attachment 2 at 1 and 2. The 1993 transfers included \$82,000 to cover all the expenses of an annual June dinner event, and \$30,000 for what is referred to in the Federal Committee's report as "Victory '93." The 1994 transfers were made to pay for expenditure items reported as "subcommittee employees" in the disclosure report.

The Federal Committee acknowledged that the transfers from its nonfederal account to its allocation account were made. However, it argued that the transferred funds were used to pay for 100% nonfederal activity. According to the Federal Committee, since there were no federal elections in 1993, "there [was] not even a remote chance that non-federal moneys were spent on federal candidates." Attachment 2 at 19. But federal election activity is not limited to years in which there is a federal election. The Act covers both funds that are "for the purpose of influencing" or "in connection with" a federal election. See 2 U.S.C. §§ 431(8), 431(9), and 441b. Thus, funds which had been wrongfully transferred into the allocation account might easily have been used "for the purpose of influencing" or "in connection with" federal election activity in a non-election year.

Moreover, even if it were possible to prove that expenditures made with the nonfederal funds transferred to the allocation account involved 100% nonfederal activity, the State Committee

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would still be in violation of 11 C.F.R. §§ 102.5(a)(1)(i) and 106.5(g)(1)(ii) because such transfers to a federal account for the purpose of financing activity in connection with nonfederal elections only are prohibited, and funds deposited into the allocation account are to be used solely for the purpose of paying "allocable" expenses.

For the foregoing reasons, this Office recommends that the Commission find reason to believe that the State Committee violated 2 U.S.C. § 441b, 11 C.F.R. § 102.5(a)(1)(i), and 11 C.F.R. § 106.5(g)(1)(ii) in connection with the above mentioned nonfederal transfers to the allocation account.

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IV. RECOMMENDATIONS

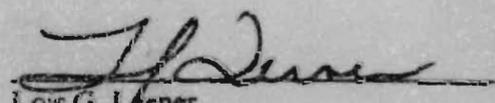
- 1. Open a MUR.
- 2. Find reason to believe that the New York Republican Federal Campaign Committee and the New York Republican State Committee and Lewis Bart Stone, as treasurer for both committees, violated 2 U.S.C. § 441b, 11 C.F.R. § 102.5(a)(1)(i), and 11 C.F.R. § 106.5(g)(1)(i) and (ii)
- 3. Approve the attached Factual and Legal Analysis
- 4. Approve the appropriate letter.

Lawrence M. Noble  
General Counsel

Date

4/21/96

BY:



Louis G. Lerner  
Associate General Counsel

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

**MEMORANDUM**

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

**FROM:** MARJORIE W. EMMONS/ MARY W. DOVE *MWD*  
COMMISSION SECRETARY

**DATE:** JUNE 24, 1996

**SUBJECT:** RAD REFERRAL #93L-76 - FIRST GENERAL COUNSEL'S REPORT  
DATED JUNE 21, 1996

The above-captioned document was circulated to the Commission  
on: Monday, June 24, 1996 at 11:00 a.m.

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

- Commissioner Aikers \_\_\_\_\_
- Commissioner Elliott \_\_\_\_\_
- Commissioner McDonald \_\_\_\_\_
- Commissioner McGarry \_\_\_\_\_
- Commissioner Potter \_\_\_\_\_
- Commissioner Thomas XX

This matter will be placed on the meeting agenda for:  
Tuesday, July 16, 1996

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

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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 27, 1996

**SUBJECT:** RAD REFERRAL #93L-76 - FIRST GENERAL COUNSEL'S  
REPORT DATED 6/21/96.

The above-captioned document was circulated to the Commission  
on: Monday, June 24, 1996 at 11:00

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, July 16, 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 )  
New York Republican Federal )  
Campaign Committee and )  
Lewis Bart Stone, as treasurer; )  
New York Republican State )  
Committee and )  
Lewis Bart Stone, as treasurer )

MUR 4413  
RAD Referral 93L-76

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 RAD Referral 93L-76:

1. Open a MUR.
2. Find reason to believe that the New York Republican Federal Campaign Committee and the New York Republican State Committee and Lewis Bart Stone, as treasurer for both committees, violated 2 U.S.C. § 441b, 11 C.F.R. § 102.5(a)(1)(i), and 11 C.F.R. § 106.5(g)(1)(i) and (ii).
3. Approve the Factual and Legal Analysis attached to the General Counsel's June 21, 1996 report.

(continued)

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4. Approve appropriate letters pursuant to the actions noted above.

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

Attest:

7-17-96  
Date

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

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FEDERAL ELECTION COMMISSION  
Washington, DC 20463

July 29, 1996

Lewis Bart Stone, Treasurer  
New York Republican Federal Campaign  
Committee  
New York Republican State Committee  
c/o Rogers and Wells  
200 Park Avenue  
New York, NY 10166

RE: MUR 4413

Dear Mr. Stone:

On July 16, 1996, the Federal Election Commission found that there is reason to believe that the New York Republican Federal Campaign Committee and the New York Republican State Committee and you, as treasurer for both committees, violated 2 U.S.C. § 441b, 11 C.F.R. § 102.5(a)(1)(i), and 11 C.F.R. § 106.5(g)(1)(i) and (ii), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"), and the Commission's regulations. The Factual and Legal Analysis, which formed a basis for the Commission's findings, is attached for your information.

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

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.

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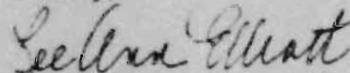
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

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

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

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

Sincerely,

  
Lee Ann Elliott  
Chairman

Enclosures  
Factual and Legal Analysis  
Procedures  
Designation of Counsel Form

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

MUR: 4413

**RESPONDENTS:** New York Republican Federal Campaign Committee  
and Lewis Bart Stone, as treasurer  
New York Republican State Committee  
and Lewis Bart Stone, as treasurer

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

**A. Applicable Law**

An organization which is a political committee under the Federal Election Campaign Act of 1971, as amended, (the "Act") must follow prescribed allocation procedures when financing political activity in connection with federal and nonfederal elections. 11 C.F.R. §§ 102.5 and 106.5(g)(1). These rules implement the contribution and expenditure limitations and prohibitions established by 2 U.S.C. §§ 441a and 441b.

Each political committee, including a party committee, which finances political activity in connection with both federal and nonfederal elections is required to establish a separate federal account for all disbursements, contributions, expenditures and transfers by the committee in connection with any federal election, unless it receives only contributions subject to the prohibitions and limitations of the Act. 11 C.F.R. § 102.5(a)(1)(i) and (ii). No transfers may be made to such federal account from any other account(s) maintained by such committee for the purpose of financing activity in connection with nonfederal elections, except as provided for in 11 C.F.R. § 106.5(g), and only funds subject to the prohibitions and limitations of the Act shall

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be deposited in such separate federal account. Id. Pursuant to 11 C.F.R. § 106.5(a), disbursements made by party committees in connection with federal and nonfederal elections must consist entirely of funds subject to the prohibitions and limitations of the Act, or funds from accounts established pursuant to 11 C.F.R. § 102.5.

A party committee which has established separate federal and nonfederal accounts under 11 C.F.R. § 102.5 must pay the expenses of joint federal and nonfederal activities in either one of two ways: (1) the committee shall pay the entire amount of an allocable expense from its federal account and subsequently transfer funds from its nonfederal account to its federal account solely to cover the nonfederal share of that allocable expense, or (2) the committee shall establish a separate allocation account into which funds from its federal and nonfederal accounts are deposited solely for the purpose of paying the allocable expenses of joint federal and nonfederal activities. 11 C.F.R. § 106.5(g)(1)(i) and (ii). For state and local party committees, administrative expenses and generic voter drive costs are allocated using the "ballot composition method" and fundraising expenses are allocated using the "funds received method." 11 C.F.R. § 106.5(d) and (f).

Once a committee has established a separate allocation account, all allocable expenses must be paid from that account for as long as the account is maintained. 11 C.F.R. § 106.5(g)(1)(ii). For each transfer of funds from a committee's nonfederal account to its federal account or allocation account, the committee must itemize in its reports the allocable activities for which the transferred funds are intended to pay; and the transfer must be made not more than 10 days before or 30 days after the payments for which they are designated are made. 11 C.F.R.

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§ 106.5(g)(2)(ii)(B).<sup>1</sup> If these requirements are not met, such transfer shall be presumed to be a loan or contribution from the nonfederal to the federal account in violation of the Act. 11 C.F.R. § 106.5(g)(2)(iii).

**B. Background**

The New York Republican Federal Campaign Committee and Lewis Bart Stone, as treasurer, ("the Federal Committee") and the New York Republican State Committee and Lewis Bart Stone, as treasurer, ("the State Committee"), (hereinafter referred to together as the "Respondents"), are federal and nonfederal accounts, respectively, of the New York Republican Party.

At the start of 1991, the New York Republican Federal Campaign Committee reported a debt of \$48,303.15 owed to the New York Republican State Committee because of administrative expenses which the State Committee had paid on its behalf during the second quarter of 1990. This amount grew in the first six months of 1991 because the State Committee paid all administrative and fundraising expenses for joint activity with the Federal Committee during that period. By the end of 1991, the debt the Federal Committee owed to the State Committee was reported to be \$151,242.15.<sup>2</sup>

The Federal Committee made payments which totaled \$11,242.15 against this amount during the first and second quarters of 1992. See Schedule D, 1992 April and July Quarterly Reports. Additionally, the Federal Committee recalculated its allocable share of administrative

<sup>1</sup> This section was amended, effective June 18, 1992, to increase the post payment reimbursement period from 30 to 60 days. See 57 Fed. Reg. 8096 (1992).

<sup>2</sup> This figure is derived from adding \$48,303.15 to \$102,939, amounts of administrative and fundraising expenses which the State Committee paid on behalf of the Federal Committee during the second quarter of 1990 and the first half of 1991, respectively.

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expenses between January 1991 and June 1992 in the 1992 July Quarterly Report, in response to the publication of revised regulations at 11 C.F.R. § 106.5, governing the allocation of administrative expenses and generic voter drive costs between federal and nonfederal committees. See 57 Fed. Reg. 8990 (1992). The recalculation resulted in a reduction of \$59,759.58 in the stated debt owed to the State Committee.

By the latter half of 1992, a debt balance of \$80,240.42 owed to the State Committee was being reported. Beginning about that time, the Federal Committee paid numerous joint federal/nonfederal administrative expenses with a 100% federal share rather than applying the normal allocation of a 43% federal share "due to initial logistical difficulties in establishing and implementing the State Committee's Victory '92 Program." These payments by the federal account of the nonfederal share were tallied and reported as a loan of \$174,281.23 to the State Committee. This loan was then used to offset the \$80,240.42 pre-existing debt reportedly owed by the Federal Committee to the State Committee.

Following the overpayment by the Federal Committee and the subsequent offset, the State Committee then owed the Federal Committee a balance of \$94,040.81. This balance was addressed in the following ways: (1) the State Committee paid \$39,405.29 in disbursements for the Federal Committee in the final quarter of 1992, (2) the State Committee transferred \$37,953.62 to the allocation account to pay for the Federal Committee's share of allocable expenses in the final quarter of 1992, and (3) the State Committee transferred \$16,681.90 to the allocation account to pay for the Federal Committee's share of allocable expenses in the first half of 1993. See: Schedule C, 1993 Mid-Year Report.

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The State Committee also made transfers of \$186,659.45 in nonfederal funds to the allocation account to pay for purportedly 100% nonfederal activity. These transfers were made in 1993 and 1994.

In May of 1994, the Federal Committee transferred \$26,255 to the State Committee in accordance with a Reports Analysis Division ("RAD") calculation of the impermissible amounts the Federal Committee had received from the State Committee in connection with the Federal Committee's recalculation of the allocable share of administrative expenses pursuant to the revised regulations at 11 C.F.R. § 106.5. However, the Federal Committee refused to transfer out, in keeping with another RAD recommendation, the \$186,659.45 of solely nonfederal funds which it had deposited into the allocation account in 1993 and 1994 and used to fund purportedly 100% nonfederal activity.

**C. Analysis**

**1. Disbursements for allocable expenses in the first half of 1991 from the State Committee.**

Since the January 1, 1991 effective date of the Commission's current allocation procedures, committees have been required to allocate all expenses in connection with both federal and nonfederal elections in either one of two ways: (1) the committee shall pay the entire amount of an allocable expense from its federal account and subsequently transfer funds from its nonfederal account to its federal account solely to cover the nonfederal share of that allocable expense, or (2) the committee shall establish a separate allocation account into which funds from its federal and nonfederal accounts are deposited solely for the purpose of paying the allocable expenses of joint federal and nonfederal activities. 11 C.F.R. § 106.5(g)(1)(i) and (ii).

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The \$151,242.15 debt which the Federal Committee was reporting as owed to the State Committee by the end of 1991, included \$102,939 in administrative and fundraising expenses paid in advance by the State Committee on behalf of the Federal Committee in connection with joint federal/nonfederal activity in the first half of 1991. While such advance payments by the nonfederal account were permissible under the former allocation rules, they did not comply with either one of the two methods of paying for joint federal and nonfederal activities under the revised allocation rules which became effective January 1, 1991. See 11 C.F.R. § 106.5(g). Accordingly, there is reason to believe that Respondents violated 11 C.F.R. §§ 102.5(a)(1)(i) and 106.5(g)(1)(i)<sup>3</sup> in connection with the State Committee's advance payments of administrative and fundraising expenses of the Federal Committee in the first half of 1991. Additionally, because the State of New York allows corporations and labor organizations to contribute up to \$5,000 per year to state committees [see N.Y. Elec. Law § 14-116 (McKinney 1995)], there is reason to believe that Respondents violated 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a)(1)(i).<sup>4</sup>

<sup>3</sup> Based on the evidence, it is not clear whether the Federal Committee had established a separate allocation account in the first half of 1991. It was not until its 1991 Year End Report that the Federal Committee first showed a transfer to a separate allocation account. Accordingly, the violation by Respondents is for a failure to pay the entire amount of allocable expenses from their federal account as opposed to a failure to pay allocable expenses from the separate allocation account.

<sup>4</sup> In the past, the Commission has found that where an organization with federal and nonfederal accounts appears to have violated 11 C.F.R. § 102.5 by disbursing funds from its nonfederal account in connection with a federal election, the organization, or at least its federal committee, may have also violated 2 U.S.C. § 441b if the nonfederal account contained corporate or labor organization funds at the time of the disbursement. See MURs 2998 (organization); and 2160 (federal account).

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2. **The \$174,281.23 of State Committee's allocable share of administrative expenses paid by the Federal Committee, the \$80,240.42 debt offset, and the payment by the State Committee of \$94,040.81 in itemized administrative and allocable expenses of the Federal Committee in the final quarter of 1992 and the first half of 1993.**

The allocation regulations listed at 11 C.F.R. § 106.5(a) and (g) provide specific procedures for the allocation of expenses and the transfer of reimbursements between nonfederal and federal accounts. Those regulations do not prohibit federal accounts from paying outright the expenses of nonfederal accounts, but require that committees which have established a separate allocation account pay all allocable expenses from that account for as long as the account is maintained. 11 C.F.R. § 106.5(g)(1)(ii). The payment by the Federal Committee of \$174,281.23 of the State Committee's allocable share of administrative expenses as a means of repaying its debt to the State Committee, the \$80,240.42 debt offset, and the \$94,040.81 payment by the State Committee of itemized administrative and allocable expenses of the Federal Committee, are not consistent with these procedures. First, the Federal Committee could not pay the State Committee's share of allocable expenses as a method of repaying its debt to the State Committee, because this is not contemplated by 11 C.F.R. § 106.5. Moreover, the \$80,240.42 debt offset appears to have violated 11 C.F.R. § 106.5(g)(1)(ii) because it was essentially a reimbursement to the State Committee for the allocable expenses which it had previously paid on behalf of the Federal Committee, instead of a payment through the allocation account which the committees had established as early as July 3, 1991.

The regulations found at 11 C.F.R. § 106.5(a) and (g) could not be satisfied by merely debiting and crediting the State and Federal Committee accounts, as was the case with Respondents' debt offset approach. 11 C.F.R. § 106.5(g)(1)(ii) requires that, "[t]he committee

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shall establish a separate allocation account into which funds from its federal and non-federal accounts shall be deposited. . . ." (Emphasis added.) Under this procedure, disbursements for allocable expenses should be disclosed by a committee's federal account under the Act's reporting requirements. Additionally, under this procedure, transfers of nonfederal funds may not be made more than 10 days before or more than 60 days after the payments for which they are designated are made, and must be itemized in the committee's reports to show allocable activities for which they are intended to pay. 11 C.F.R. § 106.5(g)(2)(ii)(B).<sup>5</sup> This was not done in the case of the debt offset, because the amount of the offset was not related to specific allocable activities but rather to a previous amount reportedly owed by the Federal Committee to the State Committee.

"[The allocation rules are designed to] allow the Commission to track the flow of non-federal funds into federal accounts, and to ensure that the use of such funds is strictly limited to payment for the non-federal share of allocable activities."<sup>6</sup> When committees fail to adhere to these rules, the Commission is not provided with sufficient disclosure of the federal and nonfederal portions of allocated disbursements, and thus the very basis for the allocation procedures is undermined.

For similar reasons, the State Committee could not pay \$94,040.81 in itemized administrative and allocable expenses of the Federal Committee to offset the balance it owed the Federal Committee for its share of Victory '92 allocable expenses. The payment of \$39,405.29 in federal administrative expenses and \$54,635.52 (\$37,953.62 + \$16,681.90) in allocable

<sup>5</sup> By the time of the debt offset in the latter half of 1992, this section had been amended to increase the post payment reimbursement period from 30 to 60 days. See 57 Fed. Reg. 8990 (1992).

<sup>6</sup> 55 Fed. Reg. 26063, 26066 (1990).

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expenses of the Federal Committee by the State Committee is not contemplated by the Act or the Commission's regulations. The only costs which are to be allocated or reimbursed between federal and nonfederal accounts are those costs which are in connection with both federal and nonfederal elections. See 11 C.F.R. § 106.5(a). Further, all allocable expenses must have been paid from the separate allocation account established by the committees. 11 C.F.R. § 106.5(g)(1)(ii). Thus, the State Committee paid 100% federal administrative expenses and allocable expenses of the Federal Committee totaling \$94,040.81, in violation of 2 U.S.C. § 441b, 11 C.F.R. §§ 102.5(a)(1)(i) and 106.5(g)(1)(ii).

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Moreover, payments by the State Committee of 100% federal administrative expenses and allocable expenses of the Federal Committee did not represent a "transfer of funds" or "reimbursement" under 11 C.F.R. § 106.5(g). Legislative history suggests that the term "transfer" is to be limited to funds flowing between or among affiliated committees, committees authorized by the same candidate, or political party committees regardless of whether such committees are affiliated. See H.R. Rep. No. 422, 96 Cong., 2nd Sess., at 7 (1979), reprinted in 1979 U.S.C.C.A.N. 2866. Hence, an attempt to reimburse the Federal Committee for amounts owed to it by the State Committee was not a "transfer" under 11 C.F.R. § 106.5(g) when the State Committee made payments directly to third party vendors on the Federal Committee's behalf. Additionally, the committees could not even engage in "reimbursement transactions" under 11 C.F.R. § 106.5(g), because they had already established an allocation account by July of 1991 and were therefore obligated under 11 C.F.R. § 106.5(g)(1)(ii) to fund all joint federal/nonfederal activity through the allocation account.<sup>7</sup>

<sup>7</sup> The Commission notes that the allocation procedures are not merely technical reporting requirements. The procedures are critical to the Commission's ability to monitor whether expenses have been allocated and paid

For the foregoing reasons, there is reason to believe that the Federal Committee violated 11 C.F.R. § 106.5(g)(1)(ii) in connection with the debt offset. There is also reason to believe that Respondents violated 2 U.S.C. § 441b, 11 C.F.R. § 102.5(a)(1)(i) and 11 C.F.R. § 106.5(g)(1)(ii) in connection with the State Committee's payment of \$94,040.81 in itemized administrative expenses and allocable expenses of the Federal Committee.

**3. Retroactive recalculation of allocation ratios in the 1992 July Quarterly Report to reduce the Federal Committee's reported debt to the State Committee by \$59,759.58.**

On June 18, 1992, the Commission announced that the amendments to 11 C.F.R. § 106.5(d) which had been published on March 13, 1992 were effective retroactive to January 1, 1991. See 57 Fed. Reg. at 27146 (1992). The textual changes in subsection (d) granted state and local party committees the right to add an additional nonfederal point in computing allocable administrative expenses and generic voter drive costs with the ballot composition method. This effectively meant that a given expense allocation ratio for a federal committee would be necessarily lower since this ratio was derived from the ratio of total federal offices ("federal points") to total federal and nonfederal offices ("nonfederal points") in the next general election. In keeping with these revised regulations, the Federal Committee could have recalculated its allocation ratios retroactive to January 1, 1991.

However, the Federal Committee's recalculation resulted in a FECA violation for two reasons. First, in retroactively recalculating its allocable share of administrative expenses

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for property. One way that the procedures enhance this "monitoring" function of the Commission is by specific regulations which prevent federal and state accounts from circumventing the commingling prohibitions by keeping what could be characterized as a "running tab" — paying funds out of whichever committee account happens to be solvent. The State Committee's direct payment to vendors on behalf of the Federal Committee is not in keeping with these regulations, especially since the evidence suggests that a "running tab" method is precisely the way finances of the State and Federal Committees were handled.

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between January 1, 1991 and June 31, 1992 in the 1992 July Quarterly Report, the Federal Committee used figures for total administrative expenses which exceeded the figures for total administrative expenses on the Joint Federal/Nonfederal Activity Schedule of its disclosure reports.<sup>8</sup> An examination of Respondents' "funds received method" allocation ratios over the period of adjustment indicates that the Federal Committee's allocable share of fundraising expenses averaged much more than 50%.<sup>9</sup> Thus, by recalculating administrative expenses at a level which exceeded actual administrative expenses, the Federal Committee apparently recalculated some fundraising expenses for which it would have been more than 50% liable under the "funds received method" ratio at the revised lower "ballot composition method" ratio of 43%. Viewed this way, the Federal Committee's recalculation of administrative expenses resulted in the excessive allocation of joint federal/nonfederal expenses to the State Committee,<sup>10</sup> and hence violated 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a)(1)(i).<sup>11</sup>

Second, the Federal Committee also recalculated its share of administrative expenses for the first two weeks of July 1992, even though the original report covering that period, the 1992 October Quarterly Report, already had used the additional nonfederal point to arrive at federal/nonfederal allocation ratios. This recalculation of administrative expenses which already

<sup>8</sup> It appears that the discrepancy is at least partly due to the fact that the figures used in the Federal Committee's recalculation are based on doubling the amount transferred from the nonfederal to the federal account over the reporting period, rather than the actual total of allocable expenses reported on schedule H4 of the disclosure reports.

<sup>9</sup> The following list shows the percentages of federal share of fundraising expenses for various activity as reported on schedule H2 of the referenced reports: (1) 1991 Mid-Year Report: 49, 66; (2) 1991 Year End Report: 0, 25, 36, 58, 60, 64, 90, 96; (3) 1992 April Quarterly Report: 0, 58, 64, 89, 94; (4) 1992 July Quarterly Report: 75, 94, 96, 97, 97.

<sup>10</sup> The Federal Committee's recalculation of administrative expenses resulted in a \$59,759.58 reduction in its reported debt to the State Committee.

<sup>11</sup> See note 5, *supra*.

had been correctly calculated using the additional federal point per the revised regulations also resulted in violations of 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a)(1)(i).

For the foregoing reasons, there is reason to believe that the Federal Committee violated 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a)(1)(i) in connection with the recalculation of its allocable share of administrative expenses.

**4. The transfer of nonfederal funds into the allocation account to pay for 100% nonfederal expenditures.**

There were two series of transfers of nonfederal funds into the allocation account; one totaling \$126,445.43 in 1993, and another totaling \$60,214.02 in 1994, an election year. The 1993 transfers included \$82,000 to cover all the expenses of an annual June dinner event, and \$30,000 for what is referred to in the Federal Committee's report as "Victory '93." The 1994 transfers were made to pay for expenditure items reported as "subcommittee employees" in the disclosure report.

The Federal Committee acknowledged that the transfers from its nonfederal account to its allocation account were made. However, it argued that the transferred funds were used to pay for 100% nonfederal activity. According to the Federal Committee, since there were no federal elections in 1993, "there [was] not even a remote chance that non-federal moneys were spent on federal candidates." But federal election activity is not limited to years in which there is a federal election. The Act covers both funds that are "for the purpose of influencing" or "in connection with" a federal election. See 2 U.S.C. §§ 431(8), 431(9), and 441b. Thus, funds which had been wrongfully transferred into the allocation account might easily have been used "for the purpose of influencing" or "in connection with" federal election activity in a non-election year.

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Moreover, even if it were possible to prove that expenditures made with the nonfederal funds transferred to the allocation account involved 100% nonfederal activity, the State Committee would still be in violation of 11 C.F.R. §§ 102.5(a)(1)(i) and 106.5(g)(1)(ii) because such transfers to a federal account for the purpose of financing activity in connection with nonfederal elections only are prohibited, and funds deposited into the allocation account are to be used solely for the purpose of paying "allocable" expenses.

For the foregoing reasons, there is reason to believe that the State Committee violated 2 U.S.C. § 441b, 11 C.F.R. § 102.5(a)(1)(i), and 11 C.F.R. § 106.5(g)(1)(ii) in connection with the above mentioned nonfederal transfers to its allocation account.

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# NEW YORK REPUBLICAN STATE COMMITTEE

LEWIS B. STONE  
*Treasurer*

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August 7, 1996

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COUNSEL  
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Hon. Lee Ann Elliott, Chairman  
Federal Election Commission  
Washington, DC 20463

Re: MUR 4413

Dear Chairman Elliott:

Reference is made to your letter of July 29, 1996.

Please be advised that we wish to pursue pre-probable cause conciliation in this matter, and intend to submit further material to aid the Commission in its consideration thereof.

We intend to be represented by counsel in this matter and designate Jeffrey T. Buley, Esq. as our counsel. We enclose the form you sent us to make this designation.

We hereby request an adjournment of the time to respond. Our request is based on the fact that the undersigned, the Committee, its staff, and counsel are intimately involved in the National Republican Convention which will be held during the week of August 12. I have alerted your attorney, Mr. Bull, of this problem and he has suggested that we make this request.

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Hon. Lee Ann Elliott, Chairman 2

August 7, 1996

We expect to be able to satisfy the Commission in its inquiry and to be and remain in full compliance with the statute.

Yours truly,

NEW YORK REPUBLICAN  
FEDERAL CAMPAIGN COMMITTEE

NEW YORK REPUBLICAN STATE COMMITTEE

By: *Lewis Bart Stone*  
Lewis Bart Stone, Treasurer

*Lewis Bart Stone*  
Lewis Bart Stone

cc: Jeffrey T. Buley, Esq.  
Eugene H. Bull, Esq.

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**STATEMENT OF DESIGNATION OF COUNSEL**

**NUM** 4413

**NAME OF COUNSEL:** Jeffrey T. Buley, Esq.

**ADDRESS:** New York Republican State Committee  
315 State Street  
Albany, NY 12210

**TELEPHONE:** 518-462-2601

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.

August 7, 1996  
**Date**

*Lewis Bart Stone*  
**Signature**

**RESPONDENT'S NAME:** New York Republican Federal Campaign Committee  
New York Republican State Committee  
Lewis Bart Stone

**ADDRESS:** c/o Rogers & Wells  
200 Park Avenue  
New York, NY 10166

**HOME PHONE:** 212-348-6073

**BUSINESS PHONE:** 212-878-8097

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FEDERAL ELECTION COMMISSION  
Washington, DC 20463

August 14, 1996

Mr. Lewis Bart Stone, Treasurer  
New York Republican State Committee  
315 State Street  
Albany, New York 12210

Re: MUR 4413

Dear Mr. Stone:

Reference is made to your letter of August 7, 1996, requesting an extension to respond to the Commission's reason to believe findings. After considering the circumstances presented in your letter, the Office of General Counsel has granted a 20 day extension. Accordingly, your response is due by the close of business on Tuesday, September 3, 1996.

If you have any questions, I can be reached at (202) 219-3690.

Sincerely,

A handwritten signature in cursive script that reads "Eugene H. Bull".

Eugene H. Bull  
Attorney

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# NEW YORK REPUBLICAN STATE COMMITTEE

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WILLIAM D. POWERS  
Chairman

August 28, 1996

Eugene H. Bull  
Attorney  
Federal Election Commission  
Washington, D.C. 20463

AUG 29 10 07 AM '96

Re: MUR 4413

Dear Mr. Bull:

I am the General Counsel to the New York Republican State Committee and have served in such capacity since 1991. I am fully familiar with all of the facts and circumstances involved with MUR 4413. I write this letter in response to the Commission's "reason to believe" letter and memorandum dated July 29, 1996.

With one exception that will be addressed later, I concur with the factual findings of MUR 4413. Rather than contest the Commission's findings, the purpose of this letter is to amplify the circumstances under which the transactions at issue occurred. Consequently, with this in mind, the New York Republican State Committee and the New York Republican Federal Campaign Committee are interested in pursuing pre-probable cause conciliation in this matter. I would, however, like to comment on the Commission's Memorandum and I will structure my commentary to reflect and address the "Analysis" section of the Commission's memorandum.

## **I Disbursements for Allocable Expenses in the First Half of 1991 from the State Committee**

The New York Republican State Committee admits to the factual allegations of this portion of the Commission's memorandum and further admits its failure to comply with 11 C.F.R. Section 102.5(a)(1)(i) and 106.5 (g)(1)(i). I wish to point out, however, that the financial condition of the New York Republican State Committee during the first half of 1991 made compliance with the new allocation requirements impossible.

As you are aware, the allocation requirements for party committees took effect in January of 1991. Also in January of 1991, William D. Powers (our current Chairman) became Chairman on the New York Republican State Committee. At that time, the New York Republican Federal Campaign Committee had a balance of \$84.32 with debts of

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\$48,303.15. The state committee's non-federal account had a balance of \$818.91 with debts totalling over \$1 million. In short, the prior administration of the New York Republican State Committee had run the committee and its federal and non-federal accounts into the ground and in no way prepared for the onset of the new federal allocation regulations.

With the state committee's federal account balance so low, compliance with the allocation requirements for the first half of 1991 was deemed impossible. (See cover letter accompanying 1991 Mid-Year Report attached hereto as Exhibit "A"). Due to the lack of any other recourse, we adopted "debt offset" approach and reported debts from our federal account to our non-federal account to account for those monies which should have been allocated to the federal account. We were very forthcoming in our disclosure to the Commission regarding this "debt offset" approach and the federal account begin repaying the debt to the non-federal account as soon as was financially feasible. (See correspondence attached hereto as Exhibit "B").

**II The \$174,281.23 of State Committee's allocable share of administrative expenses paid by the Federal Committee, the \$80,240.42 debt offset, and the payments by the State Committee of \$90,040.81 in itemized administrative and allocable expenses of the Federal Committee in the final quarter of 1992 and the first half of 1993.**

The New York Republican State Committee also admits to the factual allegations of this portion of the commission's memorandum and also admits that there were additional instances of non-compliance with the allocation regulations. Once again, however, these acts of non-compliance are the direct result of the situation created in January of 1991 when the new state committee administration inherited a bankrupt committee at the precise same time when the new allocation requirements were taking effect. Compliance with the letter of the regulation was impossible. The state committee, consequently, adopted the previously discussed "debt offset" approach in order to comply with at least the spirit of the allocation regulations. While the "debt offset" approach is not specifically recognized by the allocation regulations, it represented the state committee's best attempt at compliance while still allowing the state committee to remain a viable and functioning entity.

The New York Republican State Committee respectfully submits that due to the inherited dire financial condition of its federal account in January of 1991 when the allocation regulations went into effect, the state committee should qualify for a "special circumstances" exemption to the allocation requirements. A "special circumstances" exemption was granted to the Democratic Party of Georgia in 1991 due to a good faith miscalculation of the ballot composition ratio (See FEC Advisory Opinion 1991 - 15). I respectfully submit that our situation is even more deserving of a "special circumstances" exemption because the circumstances surrounding our non-compliance were not of our own making but, rather, were inherited.

**III Retroactive recalculation of allocation ratios in the 1992 July Quarterly Report to reduce the Federal Committee's reported debt to the State Committee by \$59,759.58.**

97043800816

The New York Republican State Committee admits to the allegations contained in this portion of the commission's memorandum. These mistakes were not intentional but were, rather, inadvertant calculating mistakes.

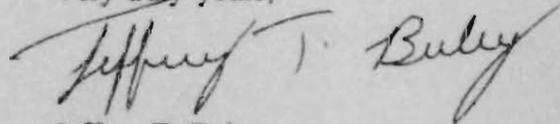
**IV The transfer of non-federal funds into the allocation account to pay for 100% nonfederal expenditures.**

The New York Republican State Committee has previously admitted that it erred by transferring non-federal funds into the allocation account to pay for 100% non-federal expenses. We felt that these transactions were done in the spirit of full disclosure and we initially resisted the recommendation of the Commission's Reports Analysis Division to execute remedial transfers from our federal account to our non-federal account. Eventually, however, the state committee did follow the recommendation of the Reports Analysis Division and a total of \$245, 487.48 was transferred from the federal account to the non-federal account. (See correspondence attached hereto as Exhibit "C"). Please note that paragraph two of page five of the Commission's Memorandum erroneously states that the state committee refused to make the transfers recommended by the Reports Analysis Division.

I would appreciate the opportunity to meet with you to discuss these issues further.

Thank you for your cooperation.

Very truly yours,



Jeffrey T. Buley  
General Counsel

97043800817



Exhibit A

# NEW YORK REPUBLICAN STATE COMMITTEE

WILLIAM D. POWERS  
Chairman

July 29, 1991

Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20663

Re: New York Republican Federal Campaign Committee  
FEC I.D. Number C0005582

Dear Sir or Madam:

Enclosed please find the July 31, 1991 mid-year Report of Receipts and Disbursements, covering the period 1/1/91 through 6/30/91 for the New York Republican Federal Campaign Committee (the "Committee").

The New York Republican State Committee ("NYRSC") which maintains the Committee, is a party committee under your rules. NYRSC also maintains separate state political accounts and has elected, under your new rules, to pay operating expenses through an allocation account rather than by the Committee with reimbursement from state accounts.

While the NYRSC and the Committee are, I believe, currently in full compliance with the new procedures and allocation requirements, they have not been in full compliance for the entire reporting period. Our failure to be in full compliance for the entire period was not motivated by any intent to circumvent the new requirements but was rather forced upon us by circumstances.

In January of 1991, William D. Powers became Chairman of the New York Republican State Committee. At this time, the Committee had a cash on hand balance of \$84.32 with debts of \$48,303.15. The NYRSC cash balance in its non-federal accounts amounted to \$818.91 with debts totalling over \$1 million and with creditors clamoring for payment. Needless to say, we were in an extremely distressed situation. I was brought in at such time as counsel to assist and advise Chairman Powers and our Treasurer on financial matters and reporting.

97043800818

page 2  
July 29, 1991

Due to our initial financial position, compliance with the allocation requirements was deemed impossible. In conjunction with NYRSC Finance Committee and myself, Chairman Powers designed a blueprint early in his tenure that would bring the Committee into compliance with the allocation requirements by the end of the reporting period. I began to familiarize myself with the new rules and attended a seminar of the Federal Election Commission in Washington to learn how they were to work. I also kept in regular contact with national Republican legal staff regarding implementation of the new requirements.

Chairman Powers quickly raised funds in large lump sums and had such monies deposited in our non-federal accounts, as such amounts could not by law be contributed to the Committee. With this money, full-time staff was hired and necessary administrative expenses paid. This full-time staff was immediately put to work on the goal of raising funds pursuant to federal law for deposit in the account of the Committee. Our plan proved to be successful and by June all fundraising expenses and all administrative expenses except wages were being paid pursuant to the allocation requirements. In early July, after the end of this reporting period, wages for all State Committee employees began to be paid pursuant to the allocation requirements. No monies have been spent or expenses incurred by the Committee during the reporting period for other than administrative, fundraising and compliance purposes.

Please note that as discussed above, as of December 31, 1990, the NYRSC owed substantial amounts for administrative expenses theretofore incurred as bills, of which certain amounts were disputed. As such amounts were due and owing prior to the new allocation rules, the NYRSC is settling and paying such arrearage claims solely from NYRSC funds other than the funds of the Committee, and no allocation from Committee funds have been made for such payments. As legal counsel to the Committee, it is my opinion that these debts are outside the purview of the new allocation requirements.

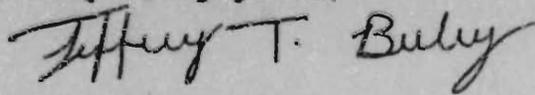
Please also be advised that we shall be forwarding evidence of our "best efforts" to obtain all information required by Schedule "A" of the report. This information shall be forthcoming in the very near future.

97043800819

page 3  
July 29, 1991

Please feel free to call me at (518) 462-2601 if you have any questions.

Very truly yours,



Jeffrey T. Buley  
Counsel

9704380082C



# NEW YORK REPUBLICAN STATE COMMITTEE

WILLIAM D. POWERS  
*Chairman*

November 27, 1991

Mr. Donald L. Averett  
Reports Analyst  
Reports Analysis Division  
Federal Election Commission  
Washington, D.C. 20463

Identification No.: C 00055582

Dear Mr. Averett:

In response to your letter of November 13, 1991 to Mr. Lewis Bart Stone, please be advised that:

- (1) We plan to promptly reimburse our non-federal account for all administrative expenses not properly allocated between January and June of 1991. Any amounts not reimbursed shall in the meantime be reported as a debt on Schedule D.
- (2) The debt of the Federal Account to the New York Republican State Committee in the amount of \$48,303.15 reported on Schedule D will be paid back entirely with federal funds.
- (3) The questions you raised regarding payments to Direct Mail Systems, Inc. and the allocation ratios of the Quayle and Yeutter events are being investigated by our accountants. Once their investigation is concluded, I will report their findings to you.

Thank you for your cooperation.

Very truly yours,

Jeffrey T. Buley  
Counsel  
New York Republican State Committee

JTB:mfo

97043800821

# NEW YORK REPUBLICAN STATE COMMITTEE

WILLIAM D. POWERS  
Chairman

January 13, 1992

Mr. Donald L. Averett  
Reports Analyst  
Reports Analysis Division  
Federal Election Commission  
Washington, D.C. 20463

Re: Mid Year Report 1/1/91-6/30/91  
I.D. # C00055582

Dear Mr. Averett:

In response to your correspondence of November 13, 1991 and as a follow up to my correspondence of November 27, 1991, please be advised that our accountants have determined the following:

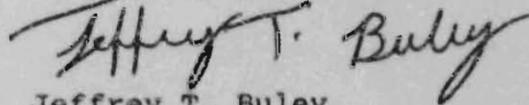
- (1) Our federal account owes our non-federal account \$100,158 due to the Committee's inability to comply with allocation requirements for the above referenced period.
- (2) Our non-federal account owes our federal account \$257 due to the fact that fundraising expenses to Direct Mail Systems were paid entirely from our federal account but only 95% of the funds raised were deposited in the federal account.
- (3) Our federal account owes our non-federal account \$3,038 because expenses for the "Quayle" event were paid entirely out of our non-federal account but 49% of the funds raised were deposited in our federal account.
- (4) The net effect of these three allocation adjustments is that our federal account owes our non-federal account \$102,939. This debt will be reported on schedule "D" of our next filing and will be added to the federal account's pre-existing debt to the non-federal account of \$48,303.15. Consequently, the total debt our federal account owes our non-federal account is \$151,242.15.

97043800822

On behalf of the New York Republican State Committee, I hereby express the Committee's intent to remedy the federal accounts indebtedness through periodic payments. Attached please find a copy of the paperwork for a transfer from the federal account to the non-federal account in the amount of \$2,500. This transfer represents the first of what will be a series of payments to remedy the federal account's indebtedness.

Thank you for your cooperation.

Very truly yours,



Jeffrey T. Buley  
Counsel

cc: William D. Powers  
Lewis Bart Stone  
George Nemeth

97043800823

**DEPOSIT TICKET**

Please be sure all items are properly endorsed. For checks indicating FOR CLEAR COPY, PRESS FIRMLY WITH BALL POINT PEN

DATE 13 Jan 92

CURRENCY	COIN	CHECKS	AMOUNT
		<u>Fed Acct</u>	<u>2500</u>

28-7/213

TOTAL ITEMS 1

Checks and other items are received for deposit subject to the provisions of the Uniform Commercial Code or any applicable collection agreement.

DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL

PLEASE ENTER TOTAL

2500 -

**NEW YORK REPUBLICAN STATE COMMITTEE  
HEADQUARTERS ACCOUNT**

227122  
CITY & STATE \_\_\_\_\_



Key Bank of Eastern New York P.A.  
Washington Avenue at Lark Street  
Albany, NY 12210  
Park Office

511

⑆5442⑈3290⑆ 511 000463 6⑈

*debt owed to acct*

970434800824

**NEW YORK REPUBLICAN FEDERAL CAMPAIGN COMMITTEE**  
315 STATE STREET  
ALBANY, NY 12210

754

13 January 19 92 28-11/213

PAY TO THE ORDER OF NYRSC Headquarters Acct 5110004636 \$ 2,500<sup>00</sup>

Two thousand five hundred and 00/100 DOLLARS

Key Bank of New York N.A.  
Washington Avenue at Lark Street  
Albany, NY 12210  
Park Office

MEMO \_\_\_\_\_

*Joseph Long*

⑆5442⑈300077⑆ 11 13 229 4 0 54



# NEW YORK REPUBLICAN STATE COMMITTEE

WILLIAM B. POWERS  
Chairman

June 1, 1994

Donald L. Averett  
Senior Reports Analyst  
Reports Analysis Division  
Federal Election Commission  
Washington, D.C. 20463

Identification Number: C00055582  
Reference: Mid-Year Report (1/1/93-6/30/93)  
Year End Report (7/1/93-12/31/93)

Dear Mr. Everett:

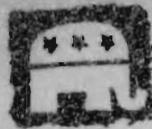
Please excuse my tardiness in responding to your letters, the response period coincided with our legally required State Republican Convention. My complete attention as pro-bono attorney for the committee was required by the convention.

First, pursuant to our phone conversation of approximately May 15, 1994, please be advised that \$26,255 has been transferred from our federal account to our non-federal account for remedial purposes regarding 1991-1992 allocations (see attached check and deposit slip).

Second, regarding your letters on our mid-year report (1/1/93-6/30/93) and our year end report (7/1/93-12/31/93):

\* All contribution solicitations in 1993 complied with the then applicable "best efforts" regulations. Furthermore, follow-up phone calls were made by the committee to ascertain any omitted information by contributors.

\* Regarding your comments on the 100% non-federal transfers, for allocated expenses, the committee utilizes the payment from allocation account method. We do not utilize the payment from the federal account method. We acknowledge that during 1993, the committee did make transfers into the allocation account consisting of 100% non-federal funds and 0% federal funds. These transfers were made to support our "Victory '93" operations which were conducted on behalf of the non-federal, New York City



# NEW YORK REPUBLICAN STATE COMMITTEE

WILLIAM D. POWERS

*Chairman*

Mayoral Campaign. Based on conversations with FEC staff, we now acknowledge that such transfers were inadvertent technical mistakes. At the time they were made, however, we were abiding to the Federal Election Law's spirit of full disclosure.

By funding "Victory '93" operations through our allocation account with 100% non-federal transfers, we were reporting and providing notice to the FEC that we had determined this election to have no federal involvement and thus requiring no federal monies. We could have omitted any reporting to the FEC and paid these operations directly out of our state account. In that event, the FEC would have never been aware of these expenditures. We did not do this, however, because we wished to fully disclose our activities to the FEC. Because we implement the payment from allocation account method, which as you know is operated as a zero-sum account for each individual expenditure, there was absolutely no commingling of federal and non-federal monies. Furthermore, since there were no federal elections in New York in 1993, there is not even a remote chance that non-federal monies were spent on federal candidates. Consequently, your recommendations for transfers from our federal account to our state account would only penalize us for overdisclosure when in fact no commingling of federal and non-federal funds occurred. The committee is now remedying our administrative procedures and will no longer transact any 100% non-federal transfers to our allocation account.

\* The committee acknowledges its error regarding the "Oliver North" event and has transferred \$1981.37 from its federal account to a non-federal account to remedy the error. (See attached check.)

Thank you for your cooperation.

Very truly yours,

Jeffrey T. Buley  
Counsel

New York Republican State Committee

97043800826

**DEPOSIT TICKET**

Please do not write on this and do not detach. For CLEAR COPY, PRESS FIRST WITH BALL POINT PEN.

DATE 31 May 94

CURRENCY	COM	CHECKS	OTHER	TOTAL
		26,255		26,255

RS-7  
R12

TOTAL ITEMS 1

Checks and other items are received for deposit subject to the provisions of the Uniform Commercial Code or any applicable collection agreement.

DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL

PLEASE ENTER TOTAL

26,255 -

**NEW YORK REPUBLICAN STATE COMMITTEE**  
REPORTING ACCOUNT

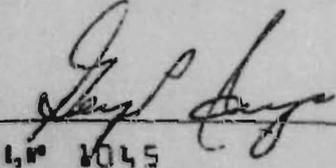


Key Bank  
Park Office, Albany, N.Y. 12210

⑆5060⑉0000⑆ 11 14 226 4⑈

*transfer per JTB  
for FEC report correct*

97043800827

<b>NEW YORK REPUBLICAN FEDERAL CAMPAIGN COMMITTEE</b> 215 STATE STREET ALBANY, NY 12210		25-7/23 1045
		31 May 19 94
PAY TO THE ORDER OF <u>NYRSC Reporting Account 11142214</u>		\$ 26,255.00
Twenty six thousand two hundred fifty-five and 00/100 DOLLARS		
MEMO <u>FEC report correct.</u>		
⑆021100077⑆ 11 13 229 4⑈ 1045		



# NEW YORK REPUBLICAN STATE COMMITTEE

WILLIAM D. POWERS  
Chairman

June 21, 1994

Donald L. Averett  
Senior Reports Analyst  
Reports Analysis Division  
Federal Election Commission  
Washington, D.C. 20463

Identification Number: C00055582  
Reference: April Quarterly Report (1/1/94 - 3/31/94)

Dear Mr. Averett:

Please be advised that regarding your letter on our April Quarterly Report (1/1/94 - 3/31/94):

\* All contribution solicitations for this reporting period complied with the then applicable "best efforts" regulations. Furthermore, follow-up phone calls were made by the committee to ascertain any omitted information by contributors.

\* Regarding your comments on the 100% non-federal transfers for allocated expenses, the committee utilizes the payment from allocation account method. We do not utilize the payment from the federal account method. We acknowledge that during 1993 and early 1994, the committee did make transfers into the allocation account consisting of 100% non-federal funds and 0% federal funds. These transfers were made to support our "Victory '93" operations which were conducted on behalf of the non-federal, New York City Mayoral Campaign. Based on conversations with FEC staff, we now acknowledge that such transfers were inadvertent technical mistakes. At the time they were made, however, we were abiding to the Federal Election Law's spirit of full disclosure.

97043800828



# NEW YORK REPUBLICAN STATE COMMITTEE

WILLIAM D. POWERS

Chairman

By funding "Victory '93" operations through our allocation account with 100% non-federal transfers, we were reporting and providing notice to the FEC that we had determined this election to have no federal involvement and thus requiring no federal monies. We could have omitted any reporting to the FEC and paid these operations directly out of our state account. In that event, the FEC would have never been aware of these expenditures. We did not do this, however, because we wished to fully disclose our activities to the FEC. Because we implement the payment from allocation account method, which as you know is operated as a zero-sum account for each individual expenditure, there was absolutely no commingling of federal and non-federal monies. Furthermore, since there were no federal elections in New York in 1993, there is not even a remote chance that non-federal monies were spent on federal candidates. Consequently, your recommendations for transfers from our federal account to our state account would only penalize us for overdisclosure when in fact no commingling of federal and non-federal funds occurred. The committee is now remedying our administrative procedures and will no longer transact any 100% non-federal transfers to our allocation account.

Thank you for your cooperation.

Very truly yours,

Jeffrey T. Buley

Counsel

New York Republican State Committee

97043800829



# NEW YORK REPUBLICAN STATE COMMITTEE

WILLIAM D. POWERS  
Chairman

October 12, 1994

Mr. Donald L. Averett  
Senior Reports Analyst  
Reports Analysis Division  
Federal Election Commission  
Washington, D.C. 20463

Identification Number: C00055582

Dear Mr. Averett:

Pursuant to the directives contained in your letters regarding the New York Republican Federal Campaign Committee's 1993 Mid-Year Report, 1993 Year-End Report, 1994 April Quarterly Report and the 1994 July Quarterly Report, please be advised that the committee has transferred the following amounts to the New York Republican State Committee's Non-Federal account (See copies of checks attached):

\$ 83,712.13	(as per 1993 Mid-Year Report)
\$ 42,733.30	(as per 1993 Year-End Report)
\$ 60,214.02	(as per 1994 April Quarterly Report)
\$ 32,573.03	(as per 1994 July Quarterly Report)

These transfers will be reported in the committee's 1994 12 Day Pre-Election Report to the Commission.

Thank you for your cooperation.

Very Truly Yours,

Jeffrey T. Buley  
Counsel  
New York Republican State Committee

cc: Lewis B. Stone

9704380083C

97043800831

NEW YORK REPUBLICAN  
FEDERAL CAMPAIGN COMMITTEE  
315 STATE STREET  
ALBANY, NY 12210

2-7/213

1106

6 October 19 94

PAY TO THE  
ORDER OF

N.Y. Republican State Comm St. Rep Acct \$ 53712<sup>13</sup>

Eighty-three thousand seven hundred twelve and <sup>13</sup>/<sub>100</sub> DOLLARS



Key Bank of New York  
200 Washington Avenue  
Albany, NY 12210  
Park Office

511

MEMO per FEC directive  
11/93 - 1/30/93

*Jerry P. Long*

⑆02⑆300077⑆ 11 15 229 4⑆ 106

97043800832

NEW YORK REPUBLICAN  
FEDERAL CAMPAIGN COMMITTEE  
315 STATE STREET  
ALBANY, NY 12210

25-7/213

1107

6 October 1994

PAY TO THE ORDER OF NYRSC State Reporting Acct \$ 42,733.00

Forty-two thousand seven hundred thirty-three and 30/100 DOLLARS



Key Bank of New York  
200 Washington Avenue  
Albany, NY 12210  
Park Office

511

MEMO per FEC directive  
7/1/03-12/31/03

*[Signature]*

⑆021300077⑆ 11 13 229 4 1107

97043800833

NEW YORK REPUBLICAN  
FEDERAL CAMPAIGN COMMITTEE  
315 STATE STREET  
ALBANY, NY 12210

23-7/213

1108

6 October 19 94

PAY TO THE ORDER OF NYRSC State Reporting Acct

\$ 60,214 <sup>22</sup>/<sub>100</sub>

Sixty thousand two hundred fourteen and <sup>22</sup>/<sub>100</sub> DOLLARS



Key Bank of New York  
200 Washington Avenue  
Albany, NY 12210  
Park Office

511

MEMO per FEC directive  
11/94-3/31/94

*[Signature]*

⑆021300077⑆ 11 13 229 41 1108

97043800834

NEW YORK REPUBLICAN  
FEDERAL CAMPAIGN COMMITTEE  
315 STATE STREET  
ALBANY, NY 12210

29-7/213

1109

6 October 1994

PAY TO THE ORDER OF NYRSC State Reporting Acct \$ 32573 <sup>03</sup>/<sub>100</sub>

Thirty-two thousand five hundred seventy-three and <sup>03</sup>/<sub>100</sub> DOLLARS



Key Bank of New York  
200 Washington Avenue  
Albany, NY 12210  
Park Office

511

MEMO per FEC directive  
4/1/94 - 6/30/94

*[Signature]*

⑆021300077⑆ 11 13 229 4⑈ 1109

# REPORT OF RECEIPTS AND DISBURSEMENTS

For Other Than An Authorized Committee  
(Summary Page)

USE FEC MAILING LABEL  
OR  
TYPE OR PRINT

1. NAME OF COMMITTEE (in full) <b>NEW YORK REPUBLICAN FEDERAL CAMPAIGN COMMITTEE</b>		2. FEC IDENTIFICATION NUMBER <b>00055582</b>
ADDRESS (number and street) <input type="checkbox"/> Check if different than previously reported <b>c/o Lewis B. Stone, Rogers &amp; Wells 200 Park Avenue</b>		3. <input type="checkbox"/> This committee has qualified as a multicandidate committee. (see FEC FORM 1M)
CITY, STATE and ZIP CODE  <b>New York, NY 10166</b>		

## 4. TYPE OF REPORT

- (a)  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)
- Termination Report
- Monthly Report Due On:
- February 20     June 20     October 20
- March 20     July 20     November 20
- April 20     August 20     December 20
- May 20     September 20     January 31
- Twelfth day report preceding General (Type of Election)  
election on 11/8/94 in the State of N.Y.
- Thirtieth day report following the General Election on \_\_\_\_\_ in the State of \_\_\_\_\_

(b) Is this Report an Amendment?  YES  NO

SUMMARY	COLUMN A This Period	COLUMN B Calendar Year-to-Date
5. Covering Period <u>10/1/94</u> through <u>10/19/94</u>		
6. (a) Cash on Hand January 1, 19 <u>94</u>		\$ 59,219.00
(b) Cash on Hand at Beginning of Reporting Period	\$ 342,832.24	
(c) Total Receipts (from Line 19)	\$ 180,234.74	\$ 1,733,257.11
(d) Subtotal (add Lines 6(b) and 6(c) for Column A and Lines 6(a) and 6(c) for Column B)	\$ 523,066.98	\$ 1,792,476.11
7. Total Disbursements (from Line 30)	\$ 396,173.34	\$ 1,665,582.47
8. Cash on Hand at Close of Reporting Period (subtract Line 7 from Line 6(d))	\$ 126,893.64	\$ 126,893.64
9. Debts and Obligations Owed TO the Committee (Itemize all on Schedule C and/or Schedule D)	\$ 0.00	For further information contact: Federal Election Commission 999 E Street, NW Washington, DC 20463 Toll Free 800-424-9530 Local 202-219-3420
10. Debts and Obligations Owed BY the Committee (Itemize all on Schedule C and/or Schedule D)	\$ 0.00	

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 <b>Lewis B. Stone</b>	
Signature of Treasurer	Date

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. § 4379.

97043800835

**DETAILED SUMMARY PAGE  
OF RECEIPTS AND DISBURSEMENTS  
PAGE 2, FEC FORM 3X**

(revised 1/1/91)

NAME OF COMMITTEE N.Y. Republican Federal Campaign Committee	REPORT COVERING PERIOD		
	FROM 10/1/94	TO 10/19/94	
L Receipts			
	COLUMN A Total This Period	COLUMN B Calendar Year	
11. Contributions (other than loans) From:			
a. Individual/Persons Other Than Political Committees			
i. Itemized (use Schedule A)	1000.00	137762.00	11(A)(1)
ii. Unitemized	871.00	191426.57	11(A)(2)
iii. Total (add i and ii) >	1871.00	329188.57	11(A)(3)
b. Political Party Committees		305550.00	11(B)
c. Other Political Committees (such as PACs)			11(C)
d. Total Contributions (add a ii, b and c) >	1871.00	634738.57	11(D)
12. Transfers From Affiliated/Other Party Committees	50000.00	50000.00	12
13. All Loans Received			13
14. Loan Repayments Received			14
15. Offsets To Operating Expenditures (Refunds, Rebates, etc.)			15
16. Refunds of Contributions Made to Federal Candidates and Other Political Committees			16
17. Other Federal Receipts (Dividends, Interest, etc.)			17
18. Transfers from Nonfederal Account for Joint Activity	128353.74	1048518.54	18
19. Total Receipts (add 11d, 12, 13, 14, 15, 16, 17, and 18) >	180234.74	1733257.11	19
20. Total Federal Receipts (subtract line 18 from line 19) >	51881.00	684738.57	20
II. Disbursements			
21. Operating Expenditures:			
a. Shared Federal/Non-Federal Activity (from Schedule H4)			
i. Federal Share	48179.07	371240.55	21(A)(1)
ii. Non-Federal Share	128761.79	1038239.48	21(A)(2)
b. Other Federal Operating Expenditures	219232.48	219866.07	21(B)
c. Total Operating Expenditures (add a i, a ii, and b) >	396173.34	1629346.10	21(C)
22. Transfers to Affiliated/Other Party Committees			22
23. Contributions to Federal Candidates/Committees and Other Political Committees		5000.00	23
24. Independent Expenditures (use Schedule E)			24
25. Coordinated Expenditures Made by Party Committees (2 U.S.C. 441(e)(4)) (use Schedule F)			25
26. Loan Repayments Made			26
27. Loans Made			27
28. Refunds of Contributions To:			
a. Individuals/Persons Other Than Political Committees		3000.00	28(A)
b. Political Party Committees			28(B)
c. Other Political Committees (such as PACs)			28(C)
d. Total Contribution Refunds (add a, b and c) >		3000.00	28(D)
29. Other Disbursements		28236.37	29
30. Total Disbursements (add 21c, 22, 23, 24, 25, 26, 27, 28d, and 29) >	396173.34	1665582.47	30
31. Total Federal Disbursements (subtract line 21 a ii from line 30) >	267411.55	627342.99	31
III. Net Contributions/Operating Expenditures			
32. Total Contributions (other than loans)(from line 11d)	1881.00	634738.57	32
33. Total Contribution Refunds (from line 28d)		3000.00	33
34. Net Contributions (other than loans)(subtract line 33 from 32)	1881.00	631738.57	34
35. Total Federal Operating Expenditures (add 21 a i and 21 b) >	367411.55	591106.62	35
36. Net Operating Expenditures (from line 35)			36
37. Net Operating Expenditures (subtract line 36 from 34) >	257455.55	391106.62	37

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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)  
**N. Y. REPUBLICAN FEDERAL CAMPAIGN COMMITTEE**

A. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
New York Republican State Committee Operating Account 315 State St Albany NY 12210	FEC 1993 mid-year directive	10-6-94	83,712.13
	Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify) per FEC directive		
NYRSC - Operating Account 315 State St Albany NY 12210	FEC 1993 year-end directive	10-6-94	42,733.30
	Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify) per FEC directive		
NYRSC - Operating Account 315 State St Albany NY 12210	FEC 1994 April directive	10-6-94	6,024.02
	Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify) per FEC directive		
NYRSC - Operating Account 315 State St Albany NY 12210	FEC 1994 July directive	10-6-94	32,573.03
	Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other (specify) per FEC directive		
E. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
	Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		
F. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
	Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		
G. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
	Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		
H. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
	Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		
I. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
	Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		

SUBTOTAL of Disbursements This Page (optional) .....	219,232.48
TOTAL This Period (last page this line number only) .....	219,232.48

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FEDERAL ELECTION COMMISSION  
Washington, DC 20463

September 25, 1996

Jeffrey T. Buley, General Counsel  
New York Republican State Committee  
315 State Street  
Albany, New York 12210

Re: MUR 4413

Dear Mr. Buley:

In your letter of August 28, 1996, you indicated that the New York Republican State Committee ("State Committee") and the New York Republican Federal Campaign Committee ("Federal Committee") are interested in pursuing pre-probable cause conciliation. As we discussed in our September 11, 1996 telephone conversation, before this Office can recommend to the Commission that it offer to enter into conciliation prior to a finding of probable cause to believe, certain information is necessary.

Primarily, it must be determined whether any of the nonfederal funds transferred to the allocation account in 1993 and early 1994 were used in connection with a federal election. See Section C.4 of the Factual and Legal Analysis. In order to do this, we ask that you provide us with the following information:

- (1) Any documents and other information which provide explanation, characterization, and context for the planning and execution of the annual June dinner event, including but not limited to guests lists, agenda items, keynote address, etc.
- (2) Any documents and other information which provide explanation, characterization, and context for the planning and execution of Victory '93.
- (3) Any documents and other information which provide explanation, characterization, and context to the purpose and duties of the employees

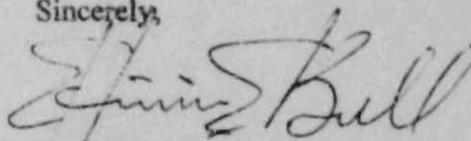
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disclosed as "subcommittee employees" on your 1994 April Quarterly Report.

- (4) All other documents or other information which relates to expenditures made from the \$126,445.43 and \$60,214.02 transferred to the allocation account in 1993 and 1994. See Section C.4 of the Factual and Legal Analysis.

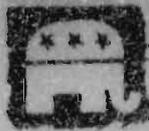
The information requested will aid us in moving this matter forward. Your earliest response is appreciated. If there are questions, call me at (202) 219-3690.

Sincerely,



Eugene H. Bull  
Attorney

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# NEW YORK REPUBLICAN STATE COMMITTEE

WILLIAM D. POWERS  
*Chairman*

October 17, 1996

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL  
OCT 18 10 30 AM '96

Eugene H. Bull  
Attorney  
Federal Election Commission  
Washington, D.C. 20463

Re: MUR 4413

Dear Mr. Bull:

Thank you for the opportunity to respond to your inquiries and information requests of September 25, 1996. The issues that you are concerned with stem from the practice of the New York Republican Federal Campaign Committee (hereinafter the "Committee") in 1993 and early 1994 to report all activity to the Commission; even activity the Committee deemed to have no federal contact or impact. Such reporting was done by the Committee in its allocation account with 100% nonfederal transfers and 0% federal transfers. By mid-year 1994, the Commission instructed the Committee that this practice violated 11 C.F.R. §§ 102.5(a)(1)(i) and 106.5(g)(1)(ii). Following this instruction from the Commission, the Committee ceased the practice.

First and foremost, I wish to emphasize that while the Committee now acknowledges that it violated the technical requirements of 11 C.F.R. §§ 102.5 (a)(1)(i) and 106.5(g)(1)(ii), this reporting practice was conducted in the spirit of full disclosure of the Committee's activities. Despite our good intent, I understand your legitimate concern as to whether non-federal monies were used to influence federal elections in a non-federal election year. It is respectfully submitted that the Committee's use of these nonfederal monies did not impact federal elections. To support this assertion, I now address the particular inquiries of your September 25, 1996 correspondence.

\*June 1993 State Dinner - The "State Dinner" is traditionally the primary fundraising event of the year for the New York Republican State Committee. In 1993, after a fiscal need assessment, it was determined that the State Committee was in need of non-federal monies. The 1993 State Dinner, consequently, was structured as a New York (nonfederal) fundraiser only (New York law prohibits a state party from transferring its federal committee monies to its nonfederal committees without registering and reporting its federal committee in New

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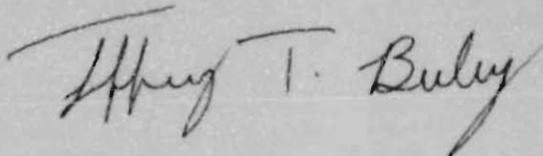
York pursuant to New York law - an act the New York Republican State Committee has chosen not to do). Attached hereto as "Exhibit A" is the invitation and solicitation to the June 1993 State Dinner. A viewing of the solicitation reveals that no federal election law disclaimer appears. This was done because no federal monies were to be raised. Expenses for the fundraiser, consequently, were allocated 100% nonfederal and 0% federal.

\*Victory '93 - Victory '93 was a project of the New York Republican State Committee to advance Republican candidates in local races throughout New York State in 1993. No federal elections were held in New York State in 1993. The primary focus of Victory '93 was the hotly contested New York City Mayoral race. A narrative describing Victory '93 activities for the New York City Mayoral Campaign is attached hereto as exhibit "B".

\*Subcommittee Employees - Articles 2 and 14 of the New York Election Law empower State Committees to create "party" committees in their rules (see attached exhibit "C"). These "party" committees are often referred to as "subcommittees" of the State Committee as they are offspring of the State Committee's rules. Attached hereto as Exhibit "D" is a copy of the Rules of New York Republican State Committee. Rule 11 (located on page 3) delineates the "party" committees (subcommittees) that have been created by the New York Republican State Committee. Two of these committees, the Republican Assembly Campaign Committee and the Senate Republican Campaign Committee are extremely active and fully staffed committees advancing the causes of Republican candidates for the New York State Legislature. These committees have no involvement whatsoever with Federal elections. The employees of these committees are paid through the accounts of the State Committee solely to achieve economies of scale savings regarding payroll services and health and life insurance benefits. These employees, unlike State Committee employees, are paid solely from nonfederal monies.

Thank you for your cooperation and I look forward to discussing these issues with you.

Very truly yours,



Jeffrey T. Buley  
General Counsel

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Exhibit A

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THE ANNUAL STATE DINNER  
OF THE  
REPUBLICAN PARTY

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# THE NEW YORK REPUBLICAN STATE COMMITTEE

The Honorable William D. Powers  
*Chairman*

George G. Aenrich  
*Finance Chairman*

## GENERAL CHAIRMEN

Patrick Barron  
Andrew Blum  
The Hon. Abbey Butler  
Daniel Callahan  
L. Murray Davis  
Lady Mary Fairfax  
Peter Flanagan  
Joseph G. Fong III  
Nicholas Frisvold  
L. Walter Galest  
Alan Glick  
Edward Glickson

The Hon. Roy Goodman  
John M. Hennessy  
The Hon. Ronald Tander  
John Levitt  
Brian Little  
The Hon. John Loch Jr.  
The Hon. Ralph Marner  
The Hon. Joseph Mondello  
Kathleen Koelleher  
The Hon. Alexander Treadwell  
Elliot H. Vernon  
Paul Wallace

## VICE CHAIRMEN

Dr. Charles Hancock  
Arthur B. Johnson  
Charles Kiser  
The Hon. Howard DeMarzio  
Edward D. DeMarco  
The Hon. Bill Fossel  
The Hon. Carl Hill  
Vernon Harrison  
The Hon. Annis Houghton  
Thomas Joynt  
Neil D. Levine  
David Mack

Robert J. Maffeo  
Georgette Mosbacher  
Richard F. Naste  
Patricia Patterson  
Eoraymo Perrotta  
Frank E. Richardson  
James S. Simpson  
Lewis Stone  
The Hon. Michael J. Tully  
Charles Erstadt  
The Hon. Guy Varella  
Yung Soo Yon

(Continued on back)

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THE ANNUAL STATE DINNER  
OF THE REPUBLICAN PARTY

with Senate Republican Leader  
BOB DOLE

honoring  
SENATOR ALFONSE M. D'AMATO

Special Lifetime Achievement Award  
JONATHAN BUSH

THE HONORABLE CHARLES A. GARGANO  
Dinner Chairman

Monday, June 14, 1993

The Sheraton New York Hotel  
The Imperial Ballroom  
481 Seventh Avenue  
New York, New York

6:00 pm - Cocktails

7:00 pm - Dinner

\$1000 Per Person

\$10,000 Per Table

Business Attire

Reply Card Enclosed

Please Call (212) 750-1286

THE ANNUAL STATE DINNER  
OF THE  
REPUBLICAN PARTY

THE NEW YORK REPUBLICAN STATE COMMITTEE

**The Honorable William D. Powers**  
Chairman

**George G. Nemeth**  
Finance Chairman

Rita DeMartino  
Executive Vice Chairman

Alexander Treadwell  
Vice Chairman/Organization

Peter J. Savago  
Vice Chairman

Victor N. Farley, Esq.  
Vice Chairman/Legal Affairs

Geff Yancey  
Vice Chairman/Planning & Development

Milton J. Zwickel  
Secretary

Lewis Bart Stone, Esq.  
Treasurer

George Scaringe  
Assistant Treasurer

Joseph Mondello, Esq.  
National Committeeman

Eunice B. Whittlesey  
National Committeewoman

THE EMPIRE CLUB

Andrew Blum  
Co-Chairman

Patricia Patterson  
Co-Chairman

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- I/we will be able to attend the dinner.  
Enclosed in support contributions of \$1000  
(\$2000 per couple) in support of The New York  
Republican State Committee.
- I/we will be able to attend the dinner.  
Enclosed in my contribution of \$10,000 for a  
table. Please list me in the Commemorative  
Program as a Vice Chairman.
- I/we are unable to attend; however, I/we support  
the New York Republican State Committee  
and am enclosing a contribution of  
\$ \_\_\_\_\_

The proceeds of this dinner will benefit The New York Republican State Committee in its efforts to elect a Republican Governor in New York.

VICE CHAIRMAN

- Commitment to raise \$10,000 for the event
- 8:00 p.m. Private Reception and photo opportunity with Senator Bob Dole and Senator Alfonse D'Amato
- Prominent listing in the Commemorative Program

PATRON

- \$1000 Ticket buyer
- Cocktail reception 6:00 p.m.
- Listing in the Commemorative Program

(over, please)

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Exhibit B

CONFIDENTIAL - ATTORNEY WORK PRODUCT

Victory '93 - An Overview

Victory '93 was a campaign project of the New York Republican State Committee. Like its predecessor, Victory '92 (which was used to advance the re-election campaign of U.S. Senator Alfonse D'Amato), Victory '93 utilized opportunities in the election law to perform Get-Out-The-Vote (GOTV) activities on behalf of candidates for local elections throughout New York State. Despite being a statewide effort, the primary focus of Victory '93 was the New York City mayoral campaign. Victory '93 activities in this race were especially significant because under the New York City Campaign Finance Law, the candidates were subject to a \$6 million expenditure limit. Victory '93 GOTV activities were structured in a manner so that they would not constitute expenditures subject to the Giuliani campaign's \$6 million expenditure limit.

The experience and lessons of Victory '92 had a great impact on the planning and strategy of Victory '93. On election day 1992, the Democrats made an attempt to keep the polls in New York City open an additional two hours past the legally required closing time of 9 p.m.. Victory '92 attorneys appeared in Supreme Court and successfully defeated this Democratic motion. It soon became apparent, however, that this motion was only the beginning of a Democratic scheme to steal victory from Senator D'Amato.

On election night 1992, Senator D'Amato went to bed with a lead of approximately 80,000 votes over then Attorney General Robert Abrams. On the morning following election day, Victory '92 attorneys awoke to discover that approximately 150,000 unopened, paper ballots existed in New York City alone. Senator D'Amato's victory was in danger of being vanquished by these unopened paper ballots.

Victory '92 deployed Republican attorneys in the New York City Boards of Elections for the counting of unopened, paper ballots. Victory '92 established a Republican presence in the New York City Boards of Elections that had not been witnessed in decades. This Republican presence proved to be an election saver. In the Manhattan Board of Elections, where the vast majority of unopened paper ballots were located, the Democratic Deputy Election Clerk, William Perkins (who was later fired from the board for acts of fraud), announced in the counting room that due to the tens of thousands of unopened, paper ballots, registration checks of the ballots would be bypassed in order to expedite the process. After threats from Victory '92 attorneys to stop the counting with a court injunction, Perkins backed down and registration checks were performed on all ballots. In the end, Victory '92 legal objections led to the invalidation of approximately 70% of the paper ballots in New York City; ballots that would have been counted had not Victory '92 countered Perkins. Victory '92 preserved D'Amato's victory.

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The experience of Victory '92 made the New York Republican State Committee keenly aware of the tactics that the New York City Democrats would use to re-elect David Dinkins. It also became evident that the close mayoral election of 1989 might have been stolen from Rudy Giuliani by the Democrats. The Republican State Committee vowed that this would not again occur in 1993 and began gearing up in early 1993 for a major New York City GOTV/street campaign that would also act to deter fraud by the Democrats.

The Victory '93 New York City campaign was organized into three basic stages: the Pre-Election Day Program, Election Day Operations, and Post-Election Day Operations:

1) The Pre-Election Day Program - The first priority of the Pre-Election Day Program was to purge the New York City voter rolls of deficient registrations. Decades of Democratic dominance of the election apparatus resulted in thousands of invalid and illegal voter registrations. Such registrations had been historically manipulated by Democratic operatives to enhance the Democratic vote. Victory '93 attorneys met with New York City Election Commissioners and staff and convinced them to institute legally required mail checks of all registered voters. Under this mail check procedure, which had not been performed in over a decade, the Board of Elections mailed to each registered voter a non-forwardable post card notifying the voter of his polling place. If the post card was returned to the Board of Elections, a presumption was created that the voter no longer resided at his registered address and such voter would be challenged by poll inspectors if he showed up to vote. The mail check produced over 100,000 such challenges which played a central role in election day operations.

A second priority of the Pre-Election Day Program was to heighten the public awareness of past Democratic vote: fraud and registration manipulation. Through contacts with the press, particularly the New York Post and New York Newsday, articles and cartoons were regularly published depicting past Democratic abuses uncovered by Victory '93 oversight in the City Board. Stories that were uncovered included the registration of some 1,400 names from a singular post office box, the registration of deceased people, and the processing of 19,000 illegal registration forms. These abuses were further publicized by hearings of the New York State Senate Elections Committee arranged in cooperation with Victory '93.

A third priority of the Pre-Election Day Program was the monitoring of Democratic party and Dinkins campaign activities. As part of this effort, Victory '93 and the Giuliani campaign detected \$400,000 worth of mailings by the Democratic State Committee on behalf of the Dinkins campaign which violated the New York City Campaign Finance Act. This resulted in a settlement between the Democratic State Committee and the Dinkins campaign with the New York City Campaign Finance Board whereby the Dinkins campaign reimbursed the state committee the \$400,000 and the \$400,000 expenditure was counted against the Dinkins campaign expenditure limit. These sanctions forced the Dinkins campaign to cancel television commercials in the final days of the campaign as they ran out of money.

A fourth priority of the Pre-Election Day Program was the recruitment and training of election day volunteers. For decades, many areas of New York City had absolutely no Republican presence at polling sights. Without the Republicans at the polls, Democrats have had a freehand to engage in voter fraud. Victory '93, consequently, trained over 10,000 poll

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inspectors and poll watchers and approximately 400 attorneys in the operations of the polls and the intricacies of the Election Law. The result was that all polling places in the city were manned by Republican operatives armed with 250 cellular phones, 150 beepers and supported by mobile teams of attorneys.

Volunteers were also trained as to the operations of the voting machines to be used in the election. The Board of Elections was forced to place and record serial numbers on machine seals prior to transporting the machines to the poll sites. The seals were in turn checked by the trained volunteers upon the opening of the polls on election day. This insured that all the machines remained tamper free. The process did discover and invalidated almost 2,500 pre-recorded votes for Dinkins.

Finally, as a part of the Pre-Election Day Program, Victory '93 conducted traditional GOTV activities. \$ 257,000.00 was spent by Victory '93 to utilize state-of-the-art phone banks in order to identify Republican voters. These same phone banks were used on election day to pull Republican voters to the polls. Additionally \$93,500.00 was spent to mail every registered Republican in the city an absentee ballot.

2) Election Day Operations - Having recruited and trained thousands of Republican volunteers, Victory '93's election day goal was to establish a Republican presence at every polling place in New York City. This goal was attained and Republicans appeared on election day in areas of the city where they had not been seen in decades. The ability to have a presence in all parts of the city was largely the result of Victory '93 initiatives to outreach to communities traditionally forgotten by Republicans. Victory '93 outreach organizers worked with the leaders of the African American, Hispanic, Asian, and other minority communities to develop political networks based on the premise that the Republican party offers real opportunity to these communities.

Furthermore, throughout the city, Republican volunteers stood guard at the polls in order to deter voter fraud by Democrats. In particular, the Republican volunteers were instructed to enforce the legally required voter challenges resulting from the previously mentioned mail check conducted by the Board of Elections. All volunteers were equipped with mobile communications and supported by teams of roving attorneys. The volunteers were linked to a litigation team of attorneys through a 1 - 800 number. The litigation team fielded problems calls from throughout the city and was in constant contact with the Board of Elections, the police, and the courts. Consequently, the litigation team was able to talk volunteers through many problems arising at the polls, deploy the roving attorneys to problem poll sights and inform the Boards of Elections of technical polling problems, such as machine breakdowns. Finally, as the results of the mayoral race came in and indicated a close race, the litigation team prepared legal papers and impounded all voting machines and materials throughout the city.

3) Post-Election Day Operations - At the close of the election night, Rudy Giuliani had a lead of 44,475 votes over David Dinkins. The next day, however, Victory '93 attorneys learned that approximately one hundred thousand unopened paper ballots existed in the boards of election. As in 1992, the unopened, paper ballots had the potential to vanquish a Republican victory.

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Victory '93 attorneys mobilized for the counting of the paper ballots in the same manner as they did in Victory '92. This time, however, the strength of the Republican presence at the boards of election for the counting of the ballots dissuaded any Democratic shenanigans and all paper ballots went through the proper registration checks.

In the end, of the approximately 100,000 paper ballots, approximately 55,000 were invalidated. Of the 45,000 valid ballots, Giuliani received approximately 27,000 votes and Dinkins 18,000. With the counting of the paper ballots, Giuliani enhanced his victory by 9,000 votes. This had been unheard of for Republican candidates in New York City and was due wholly to Victory '93's GOTV activities and especially the absentee ballot program.

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Exhibit C

PARTY ORGANIZATION

Art. 2

ARTICLE 2  
PARTY ORGANIZATION

- Section 2-100. Party committees; provision for.
- 2-102. State committee; creation.
- 2-104. County committee; creation.
- 2-106. State and county committees; election of members.
- 2-108. State and county committees; new party.
- 2-110. Committees other than state and county; creation.
- 2-112. Committees; organization.
- 2-114. Committees; rules of.
- 2-116. Committees; removal of member.
- 2-118. Committees; vacancies, how filled and effect of change of boundaries.
- 2-120. Party positions; to be filled at primary election, time for filing statement as to.
- 2-122. National party conventions; delegates, election.
- 2-124. Party names and emblems; provision for.
- 2-126. Party funds; restrictions on expenditures.
- 2-128. REPEALED.

**§ 2-100. Party committees; provision for.**

Party committees shall consist of a state committee, county committees, and such other committees as the rules of the party may allow.

**§ 2-102. State committee; creation.**

1. The members of the state committee of each party shall be elected from such units of representation as the state committee shall by rule provide. The number of members representing each unit may vary, but each member shall be entitled to an equal vote within his unit. Each member of the state committee shall be entitled to cast one vote unless the rules of the party shall provide otherwise.

2. Each member shall be, at the time of his election and continuously thereafter, an enrolled member of the party and a resident of the unit from which he is elected except as hereinafter provided.

3. To be eligible for election as a member of the state committee at the first election next ensuing after a readjustment or alteration of the units of representation becomes effective, a candidate must only have been a resident of the county in which the unit, or any part thereof, is contained for the twelve months immediately preceding the election.

4. The state committee may provide by rule for equal repre-

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CAMP. RECEIPTS AND EXPENDITURES Art. 14

ARTICLE 14

CAMPAIGN RECEIPTS AND EXPENDITURES

Section	14-100.	Definitions.
	14-102.	Statements of campaign receipts, contributions, transfers and expenditures to and by political committees.
	14-104.	Statements of campaign receipts, contributions, transfers and expenditures by and to candidates.
	14-106.	Political advertisements and literature.
	14-108.	Time for filing statements.
	14-110.	Place for filing statements.
	14-112.	Political committee authorization statement.
	14-114.	Contribution and receipt limitations.
	14-116.	Political contributions by certain organizations.
	14-118.	Treasurer and depository of political committee; filing of name and address.
	14-120.	Campaign contribution to be under true name of contributor.
	14-122.	Accounting to treasurer or candidate; vouchers.
	14-124.	Exceptions.
	14-126.	Violations; penalties.
	<u>14-127</u>	<u>Notice of civil penalty to authorizing candidate.</u>
	14-128.	Disposition of anonymous contributions.
	14-130.	Campaign funds for personal use.

§ 14-100. Definitions.

As used in this article:

1. "political committee" means any corporation aiding or promoting and any committee, political club or combination of one or more persons operating or co-operating to aid or to promote the success or defeat of a political party or principle, or of any ballot proposal; or to aid or take part in the election or defeat of a candidate for public office or to aid or take part in the election or defeat of a candidate for nomination at a primary election or

Material underlined is new.

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convention, including all proceedings prior to such primary election, or of a candidate for any party position voted for at a primary election, or to aid or defeat the nomination by petition of an independent candidate for public office; but nothing in this article shall apply to any committee or organization for the discussion or advancement of political questions or principles without connection with any vote or to a national committee organized for the election of presidential or vice-presidential candidates; provided, however, that a person or corporation making a contribution or contributions to a candidate or a political committee which has filed pursuant to section 14-118 shall not, by that fact alone, be deemed to be a political committee as herein defined.

2. "party committee" means any committee provided for in the rules of the political party in accordance with section two-one hundred of this chapter, other than a constituted committee.

3. "constituted committee" means a state committee, a county committee or a duly constituted subcommittee of a county committee;

4. "duly constituted subcommittee of a county committee" means, outside the city of New York, a city, town or village committee, and, within the city of New York, an assembly district committee, which consists of all county committee members from the city, town, village or assembly district, as the case may be, and only such members;

5. "non-candidate expenditures" means expenditures made by a party committee or a constituted committee to maintain a permanent headquarters and staff and carry on ordinary party activities not promoting the candidacy of specific candidates;

6. "district" means the entire state or any part thereof, as the case may be;

7. "candidate" means an individual who seeks nomination for election, or election, to any public office or party position to be voted for at a primary, general or special or New York city community school district election or election for trustee of the Long Island Power Authority, whether or not the public office or party position has been specifically identified at such time and whether or not such individual is nominated or elected, and, for purposes of this subdivision, an individual shall be deemed to seek nomination for election, or election, to an office or position, if he has (1) taken the action necessary to qualify himself for nomination for election, or election, or (2) received contributions or made expenditures, given his consent for any other person to receive contributions or make expenditures, with a view to bringing about his nomination for election, or election, to any office or position at any time whether in the year in which such contributions or expenditures are made or at any other time; and

8. "legislative leader" means any of the following: the speaker of the assembly; the minority leader of the assembly; the

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Exhibit D

**RULES OF THE NEW YORK REPUBLICAN STATE COMMITTEE**  
**315 STATE STREET, ALBANY, NEW YORK 12210**  
**AS ADOPTED AT A MEETING OF**  
**THE NEW YORK REPUBLICAN STATE COMMITTEE**  
**SEPTEMBER 29, 1993**

- 9  
7  
0  
4  
3  
8  
0  
0  
8  
5  
8
1. **MEMBERS.** The unit of representation shall be by Assembly District. Members will be chosen from Assembly Districts subject to the following conditions:
    - A. (1) Where Assembly Districts are coterminous within a county they shall have two members.
    - (2) Where an Assembly District is made up of two or more whole counties, each County shall have two members.
    - (3) Where an Assembly District is made up of parts of counties or a combination of a whole county or counties and part or parts of another county or counties, each county and part county unit shall have two members.
  - B. Each member shall be an enrolled voter of the Republican Party within the unit from which each member is elected.
  - C. Representation by sexes from each unit shall be equal.
2. **ELECTION OF MEMBERS.** Members shall be elected at primary elections biennially in alternate years unless otherwise provided by law. Such election shall be at the Fall primary. Such members shall hold office until the election of their successors, unless otherwise provided by law.
  3. **ORGANIZATIONAL MEETING.** The Committee shall, within fifteen days after its election, meet and organize by the election of officers and for the transaction of such other business as may properly come before the meeting. Such meeting shall be held at such place and at such hour as shall be set forth in the notice of meeting which meeting shall be called by the Secretary of the outgoing Committee.
  4. **NOTICE OF ORGANIZATION MEETING.** Notice of the time and place of the organization meeting shall be served by mailing a notice of meeting to each member not less than five days before such meeting. Such notice shall be directed to the address of each member as it appears on the records of the Committee.

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5. **MEETINGS.** Meetings of the Committee other than the organization meeting, shall be held upon the call of the Chairman, or in the case of vacancy in the Chairmanship, on the call of the Vice Chairman. Upon written petition of forty or more members of the Committee, representing not less than twenty counties, filed jointly or separately in the office of the Chairman, asking for a meeting of the Committee, it shall be the duty of the Chairman within 10 days after receipt of said petition to issue a call for the meeting of the Committee to be held in the City of New York, the date of such meeting to be not later than 20 days or earlier than 10 days from the issuance of the call. In the event that the Chairman shall fail to call such meeting within 10 days after the filing of such petition, the same shall be called by the Secretary or the Vice Chairman.

6. **NOTICE OF MEETINGS.** Notice of the time and place of every meeting other than the organization meeting, shall be served by mailing a notice to each member not less than three days before such a meeting. Such notice shall be directed to the address of such member as it appears on the records of the Committee.

7. **QUORUM.** At all meetings of members there shall be present in person or represented by proxy, at least a majority of the members in order to constitute a quorum, and for the purpose of determining whether a quorum is present, the officers of the committee shall be considered as members of the Committee. If a quorum is not present, a less number may adjourn the meeting to some future time, not more than 10 days later.

8. **VOTING**

**Section 1.**

State Committee Members representing each Unit of Representation as described in Article I, shall cast the number of votes cast for Governor on the line or column of the Republican Party in the last preceding election from the district or portion thereof which they represent.

**Section 2.**

Nominations for statewide office. Each member of the State Committee shall cast the number of votes cast for Governor on the line or column of the Republican Party in the last preceding election from that portion of the state that he or she represents.

9. **PROXIES.** Voting by proxy at any meeting of members shall be valid. Proxies shall be in writing and revocable at the pleasure of the person executing the same.

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10. **EXECUTIVE COMMITTEE.** The Executive Committee shall consist of the Republican County Chairmen of each of the sixty-two counties as are duly elected and recognized by the Republican State Chairman, the officers of the State Committee, the two members of the National Committee from New York, the Chairman of the Finance Committee; and a Representative from each of the Republican Youth, Hispanic, Seniors, Black and Heritage Groups, who shall serve at the pleasure of the Chairman. The Chairman may appoint one or more additional persons as members of the Executive Committee subject to the approval of a majority of the Executive Committee, to serve at the pleasure of the Chairman. If there shall be a vacancy in respect to any member of the Executive Committee originally appointed by the Chairman, the Chairman shall have the power to fill such vacancy subject to the foregoing requirements for membership on the Executive Committee. Proxies shall be valid at meetings of the Executive Committee. The Executive Committee shall elect such officers from its own membership as it shall deem requisite for the direction of its affairs. The Executive Committee shall meet upon the call of its Chairman.

In the intervals between meetings of the State Committee, the Executive Committee shall exercise, so far as is consistent with law, all powers of the State Committee. Notice of the time and place of meetings of the Executive committee shall be given to each member thereof in person or by mail, at least two days before such meeting. If mailed, the notice shall be directed to each member at the residence address appearing on the records of the State Committee. At all meetings of the Executive Committee there shall be present in person or by proxy at least a majority of the members thereof in order to constitute a quorum. If a quorum is not present a less number may adjourn the meeting to some further time not more than ten days later.

11. **OTHER COMMITTEES.**

1. There shall be a Finance Committee. Members shall be appointed by the Chairman of the State Committee and need not be members of the State Committee. Any funds raised by the Finance Committee shall be for the use of the State Committee or for any other party committee as directed by the State Committee. The Chairman of the State Committee shall appoint the Chairman of the Finance Committee who shall serve at the pleasure of the Chairman of the State Committee. The Republican Assembly Campaign Committee, the Senate Republican Campaign Committee and the Republican National State Elections Committee - New York are hereby created as Party Committees within the meaning of Article 14 of the New York State Election Law; to be coterminous with the State Committee and to function as an integral part thereof. The Chairman of the State Committee may appoint special committees, of such number and composed in whole or in part of persons not members of the

State Committee and may appoint Vice Chairmen for Party Affairs as he or she may deem advisable.

2. No club, organization or party committee of the Republican Party may deem itself to operate on a statewide basis without the prior approval in writing of the Chairman, and no such organization may incur any debts or obligations in the name of State Committee without the prior written approval of the Chairman, Treasurer or any other persons designated in writing by the Chairman as authorized to approve such expenditures.

12. **OFFICERS.** The officers of the State Committee shall be a Chairman, a Vice Chairman, a Secretary, a Treasurer, and such other officers as the Committee shall determine from time to time. The State Chairman, Vice Chairman, Secretary and Treasurer shall be elected by the Committee at its organization meeting, and within 3 days thereafter a certificate stating the names and post office address of such officers shall be filed as provided by law.

13. **REMOVAL.** Except as may be otherwise provided by law, a member or officer of State Committee may be removed by the Committee for disloyalty to the party or corruption in office, after notice and a hearing upon written charges, to be heard by the Committee or a sub-committee appointed for that purpose, which shall report the findings to the full Committee.

14. **PRIMARIES.** All primaries shall be conducted in accordance with law, rules and regulations of the party in the political subdivision in which such primaries are held.

15. **CANDIDATES FOR NOMINATIONS.** No candidacies for any nomination for public office shall be endorsed by the State Committee.

16. **NOMINATIONS AND AUTHORIZATIONS FOR SPECIAL ELECTIONS AND FILLING VACANCIES OCCURRING AFTER PRIMARY.** The nomination or authorization for an office to be filled at a special election or to fill a vacancy in a nomination made at a primary, or a vacancy occurring after the tenth Thursday preceding the primary election, shall be made as follows:

A. If the office or district is wholly contained within a County, the nomination and authorization shall be made by those members of the County Committee serving within such municipal unit or district or as the rules of the County Committee of such County may otherwise provide.

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B. If the district comprises more than one County, the nomination and authorization shall be made by the County Chairman of such Counties as comprise the district, who shall vote a weighted vote which shall be the vote cast on the Republican line in the most recent general election for that particular district's candidate. Any meeting hereunder shall be conducted in accordance with the rules of the State Committee, unless specific provision is otherwise made at such meeting.

C. If the office is statewide, by the State Committee.

17. **STATE CONVENTIONS.** The following shall be the basis of representation in future State Conventions:

Each county shall be entitled to one delegate and one additional delegate for each 2,500 votes or major fraction thereof cast for the Republican candidate for Governor at the election at which a Governor was elected next preceding such convention. However, in Counties having one or more whole Assembly Districts, and in Counties having in addition thereto part of one or more other Assembly Districts: Each whole Assembly District shall be entitled to one delegate and one additional delegate for 2,500 votes or major fraction thereof cast for the Republican candidate for Governor at the election at which a Governor was elected next preceding such convention, and each portion of an Assembly District within such county shall be entitled to one delegate and one additional delegate for each 2,500 votes or major fraction thereof cast for the Republican candidate for Governor at the election at which a Governor was elected next preceding such convention. Each unit shall be entitled to one alternate for each of its delegates. The time, subject to the limitations provided by law, and the place of meeting of the State Convention shall be fixed by the State Committee.

18. **JUDICIAL CONVENTIONS.** The following shall be the basis of representation in future Judicial Conventions:

First District	Sixth District
Second District	Ninth District
Fifth District	Tenth District
Eleventh District	Twelfth District

Each Assembly District or appropriate portion thereof elects one delegate and one additional delegate for each 2,500 votes or major fraction thereof cast for the Republican candidate for Governor at the last gubernatorial election.

Third District	Fourth District
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Each Assembly District or appropriate portion thereof elects one delegate and an additional delegate for each 4,000 votes or major fraction thereof, cast in such district for the Republican candidate for Governor at the last gubernatorial election.

Seventh District

Eighth District

Each Assembly District or appropriate portion thereof elects one delegate and additional delegate for each 5,000 votes or major fraction thereof, cast in such district for the Republican candidate for Governor at the last gubernatorial election.

However, delegates and alternates to Judicial District Conventions shall be elected from counties or portions of counties in all cases where Assembly Districts are not wholly contained within a county.

19. **VACANCIES.** In case of the death, declination, disqualification, removal from district or removal from office of a member of the State Committee, or the failure to elect a member of the State Committee, the vacancy created thereby shall be filled by the remaining members of the State Committee by the selection of an enrolled voter of the party qualified for election from the unit of representation in which such vacancy occurred, except as may otherwise be provided by law.

In the event that there shall exist a vacancy in any designation or nomination by the Republican Party for any public office, or in any party position, the Chairman of the New York Republican State Committee upon the request of the appropriate County Chairman or Chairmen is authorized and empowered to fill such vacancy and to file a certification thereof in accordance with this Rule, notwithstanding that there may be an alternative method whereby such vacancy might otherwise be filled.

20. **AMENDMENTS.** These rules or any of them may be altered, amended, added to or repealed, or new rules may be adopted by the vote of a majority of the members at any organization meeting or at a special meeting if notice thereof is given in the notice of said special meeting as provided by the Election Law.
21. **ADDITIONAL RULES.** Robert's Rules of Order Newly Revised shall govern in all meetings of the State Committee and Executive Committee insofar as they are applicable and not inconsistent with these rules.
22. **COMMITTEES AS REQUIRED UNDER SECTION 6-129 OF THE NEW YORK STATE ELECTION LAW.** The Committees shall be the same as provided for under Rule 16 of these Rules in all instances where the public office to be filled is not wholly contained within a county. This rule shall not apply to the City of New York.

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23. **NATIONAL COMMITTEE MEMBERS.** Members of the National Committee from New York shall be nominated by the Executive Committee of the State Committee and elected by the State Committee consistent with the Rules of the National Committee and serve in such position in accordance with the Rules of the National Committee.

24. **DELEGATES AND ALTERNATE DELEGATES TO NATIONAL CONVENTION**

- (a) Applicable Rules: The selection of delegates and alternate delegates to a National Convention shall be governed by the Rules of the Republican Party (National), the Call for the National Convention, the Rules of the New York Republican State Committee and the New York State Election Law.
- (b) Number of Delegates and Alternate Delegates: The number of delegates and alternate delegates shall be determined by the Call for the National Convention.
- (c) Selection of Delegates and Alternate Delegates:
  - (i) District Delegates: Three (3) district delegates and three (3) alternate district delegates shall be elected from every Congressional District in the state. These delegates and alternate delegates shall be elected at a primary election established pursuant to law. Candidates for the party positions of delegate and alternate delegate shall qualify for the ballot of the primary election pursuant to the designating petition process delineated in Articles two (2) and six (6) of the New York State Election Law. Each district delegate candidate shall set forth on each sheet of his or her designating petition immediately beside or below the title of the party position, the name of the presidential candidate supported by such district delegate candidate or indicate thereon that he or she is uncommitted. If more district delegate candidates supporting the same presidential candidate file designating

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petitions in any district than there are positions to be filled, the presidential candidate or his authorized representative shall notify the appropriate Board of Elections which of the district delegate candidates, not to exceed the number to be elected, shall have such presidential candidate's name placed on the primary ballot together with the district delegate candidate's name. Such district delegate candidates not chosen by the presidential candidate shall appear on the primary ballot as uncommitted.

- 9 7 0 4 3 8 0 0 8 6 5
- (ii) At-Large Delegates and At-Large Alternate Delegates: The remainder of the total number of delegates and alternate delegates as established by the Call for the National Convention minus the number of district delegates and alternate district d-3 delegates to be elected shall be designated At-Large Delegates and At-Large Alternate Delegates as provided for in Rule 32 of the Rules of the Republican National Committee. The At-Large Delegates and At-Large Alternate Delegates shall be nominated by the Executive Committee of the State Committee and elected by the State Committee.
  - (iii) Delegates and Alternate Delegates to the 1992 National Convention: In the event that New York State has not completed Congressional District redistricting by the date of the first day to sign designating petitions for delegates and alternate delegates to the 1992 National Convention as established by law and in light of New York State's net loss of Congressional Districts following the 1990 Census, two (2) district delegates and two (2) alternate district delegates shall be elected from every Congressional District in force and effect on the date of the first day to sign designating petitions for delegates and alternate delegates to the 1992 National Convention as established by law. All remaining allotted delegates and alternate delegates shall be elected At-Large.

The election of such district delegates and alternate district delegates shall be conducted pursuant to the procedures delineated in paragraph (i) of this subdivision. The election of At-Large delegates and At-Large alternate delegates shall remain unchanged from the procedures delineated in paragraph (ii) of this subdivision.

25. **RELATIONS BETWEEN THE NEW YORK REPUBLICAN STATE COMMITTEE AND THE REPUBLICAN NATIONAL COMMITTEE.** Any powers, duties, procedures or functions not specifically reserved by the National Committee are hereby undertaken as within the purview of the responsibilities of the New York Republican State Committee and are to be implemented in such manner and at such time as may be approved by the State Committee or by the State Chairman.

26. **ALTERNATIVE PROCEDURES FOR MAKING NOMINATIONS.**

A. In all cases where a designation could otherwise be made by designating petition under section 6-110 of the New York State Election Law, the members of the county committee representing any county, city, town, village, or borough, or any congressional, state senate, assembly, or other county or municipal district, may make a designation of any candidate for any public office to be voted for in a Republican Primary Election, by attending in person or by proxy a meeting of the members of the county committee from such municipality or district duly called for the purpose of making such designation.

B. Each member of the county committee shall cast such weighted vote or whole vote as is provided for in section 2-104 of the Election Law.

C. The call of such designation meeting shall issue from the county chairman of a county for all offices which are wholly contained within such county. For all offices which encompass more than one county, such call shall issue from such county chairman or county chairmen who have a majority of the weighted vote for such district. The call need not be personally signed by the Chairman in all cases, but must be issued with his authority and approval.

D. At any meeting at which a designation is made there must be a quorum present in person or by proxy by weighted vote. A quorum shall be more than fifty percent of the elected members of the county committee from such district or municipality (i.e., not the total possible number of members of the county committee).

E. A designation shall be made by majority vote of the members of the county committee present and voting. The person receiving the majority vote shall be the party's designated candidate for nomination, and any other person who shall receive twenty-five percent or more of the vote cast shall have the right to make written demand, duly acknowledged to the board of elections where the designating petition for such office is filed that his or her name appear on the primary ballot as a candidate for such nomination. Such demand shall be made not later than seven days after such meeting and may be withdrawn in the same manner within fourteen days after such meeting.

F. At such meeting, the members of the county committee may also appoint a committee to fill any vacancy in a designation made at such meeting. Upon the failure to appoint a committee to

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fill vacancies at any meeting, the county chairman or county chairmen of such municipality or district shall constitute the committee to fill vacancies and be empowered hereby to fill any vacancy in a designation.

G. Enrolled members of the Republican Party in any district or municipality may also may a designation by petition.

H. Time:

1. Designations made pursuant to this rule shall be made during the time period set forth in section 6-104, subdivision 6 of the Election Law.

2. Certificates of Designation shall be filed in the same time period as set forth in section 6-104, subdivision 7, and shall contain the name and residence address of each person who is designated and the office for which designated, as well as the name and residence address of any person who receives twenty-five percent or more of the vote at a designating meeting, and the office for which such person receives such vote.

I. It is the intent of this Rule to empower the members of the county committees throughout New York State to make designations for public office and to avoid the technical pitfalls and traps of making designations by petition and to enhance the roll and responsibilities of the members of the county committees members throughout the state.

J. No further vote of any county committee is necessary to implement this rule and it is effective immediately upon its adoption by the State Committee. Any repeal of this Rule by the State Committee made after 90 days before the first day of the time period for making designations hereunder shall not be effective until January 1, of the following year.

K. Notwithstanding whether the members of a county committee make a designation of any candidate for any public office at a meeting, or refuse to meet or refuse to make a designation, any qualified Republican voter may circulate a designating petition to designate a candidate for any public office to be nominated at the next primary election.

L. Any person designated at a meeting of the members of the county committee may thereafter circulate and have filed on his or her behalf a valid designating petition. The fact that any candidate accepts or relies on a designation by the members of a county committee shall not in any way adversely affect his legal right or ability to file and accept a valid designating petition for the same office, nor shall the fact that a candidate files and accepts a designation by a designating petition adversely affect his legal right or ability to accept the designation filed by members of the county committee designating such candidate for public office.

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27. **PARTY FUNDS IN PRIMARY ELECTIONS.** Notwithstanding the prohibition of section 2-126 of the Election Law which precludes political party committees from spending funds for a candidate in a contested primary election, the state committee declares for itself and each county committee and subordinate committee of the Republican Party in the state that such committees may support candidates in contested primary elections consistent with the constitutionally protected rights of the Republican Party in New York to Freedom of Speech and a-2HFreedom of Association.

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**NEW YORK REPUBLICAN STATE COMMITTEE**

Eugene,

This arrived after  
I had already prepared  
my response papers.

Thanks

*[Handwritten signature]*

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PAUL MEJIAS  
PRESIDENT  
FREDERIC M. UMANE  
SECRETARY  
WEYMAN A. CAREY  
RONALD JAMES D'ANGELO  
DOUGLAS A. KELLNER  
FERDINAND C. MARCHI  
SEYMOUR SHELDON  
GERTRUDE STROHM  
VINCENT J. VELELLA  
KATHLEEN M. WAGNER  
COMMISSIONERS



DANIEL De FRANCESCO  
EXECUTIVE DIRECTOR

MARGARET CQHIBENE  
DEPUTY EXECUTIVE DIRECTOR

JON R. DEL GIORNO  
ADMINISTRATIVE MANAGER

## BOARD OF ELECTIONS

IN  
THE CITY OF NEW YORK  
EXECUTIVE OFFICE, 32 BROADWAY  
NEW YORK, NY 10004-1809  
(212) 487-5300

VIA FACSIMILE - 518-449-7443

October 17, 1993

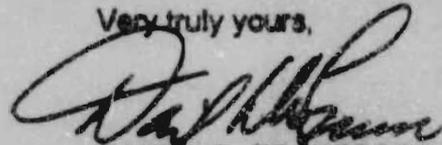
Mr. Jeff Buley  
Republican State Committee  
315 State Street  
Albany, NY 12210

Dear Mr. Buley:

As per our conversation this morning, please be advised that our records indicate that there were no Federal Elections held in the City of New York in 1993.

If you have any questions or require additional information, please do not hesitate to call me at (212) 487-5412.

Very truly yours,

  
DANIEL DeFRANCESCO  
Executive Director

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RECEIVED  
FEDERAL ELECTION  
COMMISSION  
SECRETARIAT

BEFORE THE FEDERAL ELECTION COMMISSION

JAN 21 1 40 PM '97

In the Matter of )  
 )  
New York Republican )  
Federal Campaign Committee )  
and Lewis Bart Stone, as treasurer, and )  
New York Republican State Committee )  
and Lewis Bart Stone, as treasurer )

MUR 4413

**SENSITIVE**

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On July 16, 1996, the Commission found reason to believe that the New York Republican Federal Campaign Committee (the "Federal Committee") and the New York Republican State Committee (the "State Committee") and Lewis Bart Stone, as treasurer for both committees, (hereinafter referred to together as the "Respondents") violated 2 U.S.C. § 441b, 11 C.F.R. § 102.5(a)(1)(i), and 11 C.F.R. § 106.5(g)(1)(i) and (ii). Specifically, the Commission found reason to believe that during the first half of 1991, the State Committee made \$102,939 in disbursements for allocable expenses of the Federal Committee, in violation of 11 C.F.R. § 102.5(a)(1)(i) and 11 C.F.R. § 106.5(g)(1)(i), and that the \$102,939 in disbursements included impermissible funds, in violation of 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a)(1)(i). Also, the Commission found reason to believe that by incorrectly recalculating the Federal Committee's allocable share of administrative expenses between January 1991 and June 1992, the Federal Committee allocated an excessive share of joint federal/non-federal expenses to the State Committee, in violation of 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a)(1)(i). The Commission further found reason to believe that the Federal Committee used a \$80,240.42 debt offset, instead of a payment through the allocation account, to reimburse

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the State Committee for allocable expenses which it had paid on behalf of the Federal Committee, in violation of 11 C.F.R. § 106.5(g)(1)(ii). Moreover, the Commission found reason to believe that the State Committee made \$94,040.81 in disbursements for itemized administrative and allocable expenses of the Federal Committee, in violation of 2 U.S.C. § 441b, 11 C.F.R. § 102.5(a)(1)(i), and 11 C.F.R. § 106.5(g)(1)(ii), and transferred \$186,659.45 in non-federal funds to the allocation account to pay for purportedly non-federal activity, in violation of 2 U.S.C. § 441b, 11 C.F.R. § 102.5(a)(1)(i), and 11 C.F.R. § 106.5(g)(1)(ii).

Also on July 16, 1996, the Commission

requested that

this Office inquire further about Respondents' transfer of \$186,659.45 in non-federal funds in late 1993 and early 1994 into their allocation account to pay for purportedly 100% non-federal expenditures. Specifically, the Commission requested that this Office seek additional information on whether these funds were used for federal or non-federal purposes.

In their response to the reason to believe findings, dated August 28, 1996, Respondents admit to the Commission's factual findings, with one exception, and request pre-probable cause conciliation.<sup>1</sup> Attachment 1. Subsequent to their response, this Office sent a letter of inquiry to Respondents seeking clarification on the \$186,659.45 transferred by the State Committee into their allocation account.

<sup>1</sup> Respondents assert that contrary to the discussion in the Factual and Legal Analysis, the State Committee did eventually make the remedial transfers from the federal to the non-federal account as requested by the Reports Analysis Division ("RAD") in connection with the aforementioned \$186,659.45.

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## II. DISCUSSION

In their response to the Commission's findings, the State Committee admits its failure to comply with 11 C.F.R. §§ 102.5(a)(i) and 106.5(g)(1)(i) in connection with disbursements for allocable expenses in the first half of 1991. The State Committee also admits to additional instances of non-compliance with the allocation regulations. Further, according to Respondents' counsel, "due to the lack of any other course" the "debt offset" approach was adopted in order to comply with the "spirit" of the allocation regulations, since compliance with the "letter" of the regulations was deemed impossible because of the poor financial circumstances of the committee inherited from a prior administration. Moreover, the State Committee admits to making incorrect recalculations of the Federal Committee's allocable share of administrative expenses on the 1992 July Quarterly Report. Finally, the State Committee admits that it "erred by transferring non-federal funds into the allocation account to pay for 100% non-federal expenses." Counsel states that "these transactions were done in the spirit of full disclosure." He further states that although Respondents initially resisted RAD's recommendation that they take remedial action by transferring an amount from the federal to the non-federal account equivalent to the amount improperly transferred to the allocation account, Respondents subsequently complied.

In response to this Office's inquiry of September 25, 1996, concerning the \$186,659.45 transferred to the allocation account to pay for purportedly 100% non-federal expenditures, Respondents once again claim that the transfer was made to the allocation account because such activity would be required to be reported to the

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Commission. Attachment 2. Respondents further claim that they ceased this practice in mid-year 1994 after they had been instructed that it violated 11 C.F.R. §§ 102.5(a)(1)(i) and 106.5(g)(1)(ii).

Respondents assert that the \$186,659.45 did not impact federal elections, but was expended in connection with their June 1993 State Dinner (the "State Dinner"), Victory '93, and Subcommittee Employees. According to Respondents, the State Dinner is traditionally the primary fundraising event of the year for the New York Republican State Committee. In 1993, after a fiscal need assessment, it was determined that the State Committee was in need of non-federal funds. The 1993 State Dinner, consequently, was structured as a non-federal fundraiser and expenses were allocated 100% to the non-federal account.

Victory '93 is depicted by Respondents as a project of the State Committee to advance Republican candidates in local races throughout the State of New York. Respondents assert that there were no federal elections held in the State of New York in 1993. This assertion is supported by a narrative under the rubric of "Confidential - Attorney Work Product, Victory '93 - An Overview," submitted without attribution. The narrative provides a persuasive depiction of Victory '93 as a campaign project in connection with state and local elections only.

Finally, with regard to the expenditure items reported under the heading, "Subcommittee Employees," Respondents state that Articles 2 and 14 of New York Election Law empower state committees to create "party" committees in their rules. The "party" committees are often referred to as "subcommittees" of the State Committee, as

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they are offspring of the State Committee's rules. Respondents contend that two of their "party" committees or subcommittees, the Republican Assembly Campaign Committee and the Senate Republican Campaign Committee, are extremely active and fully staffed committees advancing the causes of Republican candidates for the New York State Legislature. It is the employees of these committees who were referred to as "Subcommittee Employees" on Respondents' disclosure reports that were filed with the Commission. Respondents assert that these committee employees have no involvement whatsoever with federal elections and are paid solely from non-federal monies.

Thus, while Respondents admit to violations of the Act and the Commission's regulations, they make several arguments in mitigation of the violations. First, Respondents argue that the State Committee should qualify for a special circumstances exemption such as the one granted to the Democratic Party of Georgia ("DPG") in Advisory Opinion ("AO") 1991-15. However, the circumstances in this matter are dissimilar to those addressed in AO 1991-15 with respect to the Democratic Party of Georgia. In AO 1991-15, the DPG requested an advisory opinion to ensure it did not inadvertently violate the Act and the Commission's regulations, and, as opposed to this matter, the non-federal funds at issue had not yet entered the federal electoral process.

Respondents also argue that the State Committee transferred \$186,659.45 in non-federal monies into the allocation account to pay for 100% non-federal expenditures as a means of fully disclosing non-federal expenditures, since such expenditures would have to be disclosed to the Commission if paid out of the allocation account. This Office is not persuaded by Respondents' protestation of their desire to disclose information not

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required by the Act because such disclosure does not serve to mitigate the violation, especially given the entire context of this matter which involves numerous violations of the Act and the Commission's regulations.

Finally, Respondents generally argue that a prior administration of the New York Republican State Committee "[ran Respondents'] federal and non-federal accounts into the ground" and they were in no way prepared for the onset of the new federal allocation regulations. According to Respondents, several subsequent violations were either the direct result of the initial violation in the first half of 1991 or attempts to fix it. This Office notes, however, that the activity at issue continued for up to three years after the effective date of the new federal allocation regulations. In any event, if warranted, this Office will take into consideration any mitigating arguments presented by Respondents during pre-probable cause conciliation.

III. DISCUSSION OF CONCILIATION AND CIVIL PENALTY

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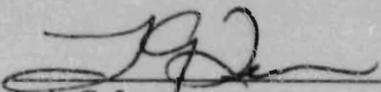
**IV. RECOMMENDATIONS**

1. Enter into conciliation with the New York Republican Federal Campaign Committee and the New York Republican State Committee and Lewis Bart Stone, as treasurer for both committees, prior to a finding of probable cause to believe.
-

2. Approve the attached proposed conciliation agreement and appropriate letter.

Lawrence M. Noble  
General Counsel

1/21/97  
Date

BY:   
Lois G. Lerner  
Associate General Counsel

Attachments

- 1. Response to reason to believe findings.
- 2. Response to letter of inquiry.
- 3. Proposed Conciliation Agreement.

Staff Member: Eugene H. Bull

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FEDERAL ELECTION COMMISSION  
Washington, DC 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE  
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/BONNIE ROSS  
COMMISSION SECRETARY

DATE: JANUARY 22, 1997

SUBJECT: MUR 4413 - General Counsel's Report

The above-captioned document was circulated to the Commission  
on Tuesday, January 21, 1997.

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

- Commissioner Aikens —
- Commissioner Elliott XXX
- Commissioner McDonald —
- Commissioner McGarry —
- Commissioner Thomas XXX

This matter will be placed on the meeting agenda for  
Tuesday, January 21, 1997.

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

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FEDERAL ELECTION COMMISSION  
Washington, DC 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE  
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/BONNIE ROSS   
COMMISSION SECRETARY

DATE: JANUARY 22, 1997

SUBJECT: MUR 4413 - General Counsel's Report

The above-captioned document was circulated to the Commission  
on Tuesday, January 21, 1997.

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

- Commissioner Aikens —
- Commissioner Elliott XXX
- Commissioner McDonald —
- Commissioner McGarry —
- Commissioner Thomas —

This matter will be placed on the meeting agenda for  
Tuesday, January 28, 1997.

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

9704380088C



FEDERAL ELECTION COMMISSION  
Washington, DC 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE  
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/BONNIE ROSS  
COMMISSION SECRETARY

DATE: JANUARY 24, 1997

SUBJECT: MUR 4413 - General Counsel's Report

The above-captioned document was circulated to the Commission  
on Tuesday, January 21, 1997.

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

Commissioner Aikens	<u>XXX</u>
Commissioner Elliott	<u>XXX</u>
Commissioner McDonald	—
Commissioner McGarry	—
Commissioner Thomas	<u>XXX</u>

This matter will be placed on the meeting agenda for

Tuesday, January 28, 1997.

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

97043800881

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 ) MUR 4413  
 New York Republican Federal )  
 Campaign Committee and )  
 Lewis Bart Stone, as treasurer; )  
 New York Republican State Committee )  
 and Lewis Bart Stone, as treasurer)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on January 28, 1997, do hereby certify that the Commission decided by a vote of 4-0 to take the following actions in MUR 4413:

1. Enter into conciliation with the New York Republican Federal Campaign Committee and the New York Republican State Committee and Lewis Bart Stone, as treasurer for both committees, prior to a finding of probable cause to believe.
2. Approve the proposed conciliation agreement and appropriate letter as recommended in the General Counsel's January 21, 1997 report,

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

Attest:

1-29-97  
Date

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

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FEDERAL ELECTION COMMISSION  
Washington, DC 20463

February 4, 1997

Jeffrey T. Buley, General Counsel  
New York Republican State Committee  
315 State Street  
Albany, New York 12210

RE: MUR 4413

Dear Mr. Buley:

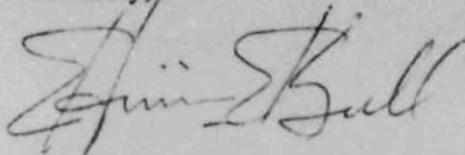
On July 16, 1996, the Federal Election Commission found that there is reason to believe that the New York Republican Federal Campaign Committee and the New York Republican State Committee and Lewis Bart Stone, as treasurer for both committees, violated 2 U.S.C. § 441b, 11 C.F.R. § 102.5(a)(1)(i), and 11 C.F.R. § 106.5(g)(1)(i) and (ii), provisions of the Federal Election Campaign Act of 1971, as amended, and the Commission's regulations. At your request, on January 28, 1997, the Commission determined to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

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

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If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact me at (202) 219-3690.

Sincerely,



Eugene H. Bull  
Attorney

Enclosure  
Conciliation Agreement

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# NEW YORK REPUBLICAN STATE COMMITTEE

WILLIAM D. POWERS  
Chairman

March 3, 1997

MAR 6 1 26 PM '97

FEDERAL ELECTION COMMISSION

Eugene H. Bull  
Attorney  
Federal Election Commission  
Washington, D.C. 20463

Re: MUR 4413

Dear Eugene:

In response to your letter and proposed Conciliation Agreement dated February 4, 1997, please find enclosed the following:

- 1). A copy of the bank wire order transferring \$67,785.81 from our federal account to our non-federal account as directed by the proposed Conciliation Agreement;
- 2). An executed copy of the proposed Conciliation Agreement
- 3). A certified check payable to the Federal Election Commission for \$20,000.

If you have any questions regarding our response, please contact me at the number below.

Thank you for your cooperation.

Very truly yours,

Jeffrey T. Ruley  
General Counsel

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**Checking Credit Memo**

We credit your account as follows:

Date March 4, 1997

Proceeds transferred from

Federal Campaign Acct. #30 476 870

Branch/Dept. Municipal by \_\_\_\_\_

30 476 854      \$ 67,785.81

ACCOUNT NUMBER      AMOUNT

New York Republican State  
Committee  
State Reporting Account

DUPLICATE COPY

FORM 201-C (3/86) 7-88

97043800886



**Checking Debit Memo**

On March 4, 1997 We charge your account as follows:

Proceeds transferred to Space

Reporting Account #30 476 854

Branch/Dept. Municipal by \_\_\_\_\_

30 476 870      \$ 67,785.81

ACCOUNT NUMBER      AMOUNT

New York Republican State  
Committee  
Federal Campaign Account

DUPLICATE COPY

FORM 201-C (3/86) 7-88



**TRUSTCO BANK**

Your Home Town Bank  
P.O. Box 1082 • Schenectady, New York 12301

**Officers Check**

No. 353064

50-91  
213

Date 03-04-97

19

Pay

TRUSTCO BANK \$20,000.00

Purchase of an Indemnity Bond will be required before any Officers Check of this bank will be replaced or refunded in the event it is lost, misplaced or stolen.

**VOID OVER \$20,000.00**

\*\*FEDERAL ELECTION COMMISSION\*\*

AUTHORIZED SIGNATURE

To The Order Of

⑆0353064⑆ ⑆021300912⑆ 0010430⑆

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary  
FROM: Office of General Counsel *pd*  
DATE: March 18, 1997  
SUBJECT: MUR 4413 - General Counsel's Rpt.

The attached is submitted as an Agenda document  
for the Commission Meeting of \_\_\_\_\_

Open Session \_\_\_\_\_

Closed Session \_\_\_\_\_

CIRCULATIONS

DISTRIBUTION

72 Hour Tally Vote (XX)  
Sensitive (XX)  
Non-Sensitive ( )  
24 Hour Tally Vote ( )  
Sensitive ( )  
Non-Sensitive ( )  
24 Hour No Objection ( )  
Sensitive ( )  
Non-Sensitive ( )  
Information ( )  
Sensitive ( )  
Non-Sensitive ( )  
Other ( )

Compliance XXXXX  
Audit Matters ( )  
Litigation ( )  
Closed Letters ( )  
MUR ( )  
DSP ( )  
Status Sheets ( )  
Advisory Opinions ( )  
Other (See Distribution below)

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~~RECEIVED  
FEDERAL ELECTION  
COMMISSION  
SECRETARIAT~~

~~MAR 18 4 18 PM '97~~

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
New York Republican Federal Campaign Committee )  
and Lewis Bart Stone, as treasurer )  
New York Republican State Committee )  
and Lewis Bart Stone, as treasurer )

MUR 4413

**SENSITIVE**

MAR 18 4 40 PM '97

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
SECRETARIAT

GENERAL COUNSEL'S REPORT

I. BACKGROUND

Attached is a revised conciliation agreement submitted on behalf of the New York Republican Federal Campaign Committee and Lewis Bart Stone, as treasurer, and the New York Republican State Committee and Lewis Bart Stone, as treasurer; (together the "Respondents"). Attachment 1. It has been signed by Jeffrey T. Buley, Respondents' General Counsel. For the reasons discussed below, this Office recommends that the Commission accept the revised agreement and close the file in this matter. A check for twenty-thousand dollars (\$20,000) has been received. Attachment 2. Respondents also submitted bank transfer receipts which show that they have transferred \$67,785.81 from their Federal account to their non-Federal account, as required by the conciliation agreement approved by the Commission on January 28, 1997. Attachment 3.

II. DISCUSSION OF PRE-PROBABLE CAUSE CONCILIATION

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III. RECOMMENDATIONS

1. Accept the attached conciliation agreement with the New York Republican Federal Campaign Committee and Lewis Bart Stone, as treasurer, and the New York Republican State Committee and Lewis Bart Stone, as treasurer.
2. Approve the appropriate letter.

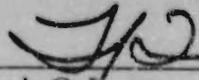
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<sup>1</sup> *FEC v. Williams*, 104 F.3d 237 (9th Cir. 1996).

3. Close the file.

Lawrence M. Noble  
General Counsel

3/18/97  
DATE

BY:   
Lois G. Lerner  
Associate General Counsel

Attachments

- 1. Conciliation Agreement.
- 2. Photocopy of civil penalty check.
- 3. Photocopy of bank transfer receipts.

Staff Assigned: Eugene H. Bull

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
 New York Republican Federal )  
 Campaign Committee and Lewis ) MUR 4413  
 Bart Stone, as treasurer; )  
 New York Republican State Committee )  
 and Lewis Bart Stone, as treasurer. )

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on March 24, 1997, the Commission decided by a vote of 5-0 to take the following actions in MUR 4413:

1. Accept the conciliation agreement with the New York Republican Federal Campaign Committee and Lewis Bart Stone, as treasurer, and the New York Republican State Committee and Lewis Bart Stone, as treasurer, as recommended in the General Counsel's Report dated March 18, 1997.
2. Approve the appropriate letter, as recommended in the General Counsel's Report dated March 18, 1997.
3. Close the file.

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

Attest:

3-24-97  
Date

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

Received in the Secretariat: Tues., Mar. 18, 1997 4:40 p.m.  
 Circulated to the Commission: Wed., Mar. 19, 1997 11:00 a.m.  
 Deadline for vote: Mon., Mar. 24, 1997 4:00 p.m.

lrd

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

April 2, 1997

Jeffrey T. Buley, General Counsel  
New York Republican State Committee  
315 State Street  
Albany, New York 12210

RE: MUR 4413

Dear Mr. Buley:

On March 24, 1997, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on behalf of the New York Republican Federal Campaign Committee and the New York Republican State Committee and Lewis Bart Stone, as treasurer for both committees, in settlement of violations of 2 U.S.C. § 441b, 11 C.F.R. § 102.5(a)(1)(i) and 11 C.F.R. § 106.5(g)(1)(i) and (ii) provisions of the Federal Election Campaign Act of 1971, as amended, and the Commission's regulations. Accordingly, the file has been closed in this matter.

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

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

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Eugene H. Bull  
Attorney

Enclosure  
Conciliation Agreement

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**BEFORE THE FEDERAL ELECTION COMMISSION**

In the Matter of )  
 ) MUR 4413  
New York Republican Federal )  
Campaign Committee and )  
Lewis Bart Stone, as treasurer )  
New York Republican State Committee )  
and Lewis Bart Stone, as treasurer )

**CONCILIATION AGREEMENT**

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities.

The Commission found reason to believe that the New York Republican Federal Campaign Committee and Lewis Bart Stone, as treasurer, and the New York Republican State Committee and Lewis Bart Stone, as treasurer, (hereinafter referred to together as the "Respondents"), violated 2 U.S.C. § 441b, 11 C.F.R. § 102.5(a)(1)(i), and 11 C.F.R. § 106.5(g)(1)(i) and (ii).

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

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

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

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

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

1. The New York Republican Federal Campaign Committee ("the Federal Committee") is a political committee within the meaning of 2 U.S.C. § 431(4).

2. The New York Republican State Committee ("the State Committee") is a non-federal account of the New York Republican Party.

3. Lewis Bart Stone is the treasurer of both the Federal Committee and the State Committee.

4. An organization which is a political committee under the Federal Election Campaign Act of 1971, as amended, (the "Act") must follow prescribed allocation procedures when financing political activity in connection with federal and non-federal elections. 11 C.F.R. §§ 102.5 and 106.5(g)(1).

5. Each political committee, including a party committee, which finances political activity in connection with both federal and non-federal elections is required to establish a separate federal account for all disbursements, contributions, expenditures and transfers by the committee in connection with any federal election, unless it receives only contributions subject to the prohibitions and limitations of the Act. 11 C.F.R. § 102.5(a)(1)(i) and (ii). No transfers may be made to such federal account from any other account(s) maintained by such committee for the purpose of financing activity in connection with non-federal elections, except as provided for in 11 C.F.R. § 106.5(g), and only funds subject to the prohibitions and limitations of the Act shall be deposited in such separate federal account. Id. Pursuant to 11 C.F.R. § 106.5(a), disbursements made by party committees in connection with federal and non-federal elections

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must consist entirely of funds subject to the prohibitions and limitations of the Act, or funds from accounts established pursuant to 11 C.F.R. § 102.5.

6. Once a party committee establishes separate federal and non-federal accounts under 11 C.F.R. § 102.5, it must pay the expenses of joint federal and non-federal activities in either one of two ways: (i) the committee shall pay the entire amount of an allocable expense from its federal account and subsequently transfer funds from its non-federal account to its federal account solely to cover the non-federal share of that allocable expense, or (ii) the committee shall establish a separate allocation account into which funds from its federal and non-federal accounts are deposited solely for the purpose of paying the allocable expenses of joint federal and non-federal activities. 11 C.F.R. § 106.5(g)(1)(i) and (ii). A committee which has established a separate allocation account must pay all allocable expenses from that account for as long as the account is maintained. 11 C.F.R. § 106.5(g)(1)(ii).

7. For state and local party committees, administrative expenses and generic voter drive costs are allocated using the "ballot composition method" and fundraising expenses are allocated using the "funds received method." 11 C.F.R. § 106.5(d) and (f).

8. For each transfer of funds from a non-federal account to a federal or allocation account, a committee must itemize in its reports the allocable activities for which the transferred funds are intended to pay, and the transfer must be made not more than 10 days before or 60 days after the payments for which they are designated are made. 11 C.F.R. § 106.5(g)(2)(ii)(B). If these requirements are not met, such transfer shall be presumed to be a loan or contribution from the non-federal to the federal account in violation of the Act. 11 C.F.R. § 106.5(g)(2)(iii).

9. At the start of 1991, the New York Republican Federal Campaign Committee reported a debt of \$48,303.15 to the State Committee because of administrative expenses which

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the State Committee had paid on the Federal Committee's behalf during the second quarter of 1990. This amount grew by \$102,939 in the first six months of 1991 because the State Committee paid all administrative and fundraising expenses for joint activity with the Federal Committee in that period. By the end of 1991, the debt of the Federal Committee owed to the State Committee was reported to be \$151,242.15.

10. The payment of \$102,939 in administrative and fundraising expenses by the State Committee on behalf of the Federal Committee in the first half of 1991 was not permissible under the allocation rules which became effective January 1, 1991. Thus, these disbursements for allocable expenses from the State Committee violated 11 C.F.R. §§ 102.5(a)(1)(i) and 106.5(g)(1)(i).

11. Because the State of New York allows corporations and labor organizations to contribute up to \$5,000 per year to state committees, these disbursements for allocable expenses from the State Committee also violated 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a)(1)(i).

12. During the first and second quarters of 1992, the Federal Committee made payments of \$11,242.15 to the State Committee against its reported debt of \$151,242.15. Additionally, the Federal Committee recalculated the amount it reportedly owed to the State Committee in its 1992 July Quarterly Report in response to the publication of revised regulations at 11 C.F.R. § 106.5, governing the allocation of administrative expenses and generic voter drive costs between federal and non-federal committees.

13. However, in retroactively recalculating its allocable share of administrative expenses between January 1991 and June 1992, the Federal Committee used figures for total administrative expenses which exceeded the figures for total administrative expenses on its Joint Federal/Non-federal Activity Schedule. Also, the Federal Committee recalculated its share of

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administrative expenses for the first two weeks of July 1992, even though the 1992 October Quarterly Report already had correctly calculated the Federal Committee's allocable share of administrative expenses for that period.

14. These errors in the recalculation of the Federal Committee's allocable share of administrative expenses resulted in the excessive allocation of joint federal/non-federal expenses to the State Committee, in violation of 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a)(1)(i).

15. By the latter half of 1992, a debt balance of \$80,240.42 to the State Committee was being reported. At that time, the Federal Committee paid numerous joint federal/non-federal administrative expenses with a 100% federal share rather than the normal allocation of a 43% federal share "due to initial logistical difficulties in establishing and implementing the State Committee's Victory '92 Program." These overpayments were tallied and reported as a loan of \$174,281.23 to the State Committee. This loan was then used to offset the \$80,240.42 pre-existing debt reportedly owed by the Federal Committee to the State Committee.

16. The payment by the Federal Committee of \$174,281.23 of the State Committee's allocable share of administrative expenses as a means of repaying its debt to the State Committee and the \$80,240.42 debt offset were not consistent with the allocation procedures. First, the Federal Committee could not pay the State Committee's share of allocable expenses as a method of repaying its debt to the State Committee, because this is not contemplated by 11 C.F.R. § 106.5. Moreover, the \$80,240.42 debt offset violated 11 C.F.R. § 106.5(g)(1)(ii) because it was essentially a reimbursement to the State Committee for the allocable expenses which it had previously paid on behalf of the Federal Committee, instead of a payment through the allocation account which the committees had established as early as July 3, 1991.

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17. Following the overpayment by the Federal Committee and the subsequent offset, the State Committee then owed the Federal Committee a balance of \$94,040.81. This balance was addressed in the following ways: (i) the State Committee paid \$39,405.29 in disbursements of the Federal Committee in the final quarter of 1992, (ii) the State Committee transferred \$37,953.62 to the allocation account to pay for the Federal Committee's share of allocable expenses in the final quarter of 1992, and (iii) the State Committee transferred \$16,681.90 to the allocation account to pay for the Federal Committee's share of allocable expenses in the first half of 1993.

18. According to the Commission's regulations, the only costs which are to be allocated or reimbursed between federal and non-federal accounts are those costs which are in connection with both federal and non-federal elections. 11 C.F.R. § 106.5(a). The committees could not engage in "reimbursement transactions" under 11 C.F.R. § 106.5(g) because they had already established an allocation account and were therefore obligated under 11 C.F.R. § 106.5(g)(1)(ii) to fund all joint federal/non-federal activity through the allocation account. Moreover, the State Committee's attempt to reimburse the Federal Committee by making payments directly to third party vendors on the Federal Committee's behalf was not a "transfer" under 11 C.F.R. § 106.5(g).

19. Thus, the State Committee paid 100% federal administrative expenses and allocable expenses of the Federal Committee totaling \$94,040.81, in violation of 2 U.S.C. § 441b and 11 C.F.R. §§ 102.5(a)(1)(i) and 106.5(g)(1)(ii).

20. During 1993 and 1994, the State Committee made transfers of \$186,659.49 to the allocation account to fund purportedly 100% non-federal activity.

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21. Since federal election activity is not limited to years in which there is a federal election, funds which had been wrongfully transferred into the allocation account might have been used "for the purpose of influencing" or "in connection with" federal election activity in a non-election year. See 2 U.S.C. §§ 431(8), 431(9) and 441b. Moreover, 11 C.F.R. § 102.5 prohibits transfers to a federal account for the purpose of financing activity in connection with non-federal elections and 11 C.F.R. § 106.5(g)(1)(ii) requires that funds deposited into the allocation account be used solely for the purpose of paying "allocable" expenses.

22. Therefore, the State Committee violated 2 U.S.C. § 441b and 11 C.F.R. §§ 102.5(a)(1)(i) and 106.5(g)(1)(ii) in connection with its transfer of \$186,659.45 in non-federal funds to the allocation account to pay for purportedly 100% non-federal activity in 1993 and 1994.

V.1. During the first half of 1991, the State Committee made \$102,939 in disbursements for allocable expenses of the Federal Committee, in violation of 11 C.F.R. § 102.5(a)(1)(i) and 11 C.F.R. § 106.5(g)(1)(i).

2. The \$102,939 in disbursements made by the State Committee to pay for allocable expenses of the Federal Committee included impermissible funds, in violation of 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a)(1)(i).

3. By incorrectly recalculating the Federal Committee's allocable share of administrative expenses between January 1991 and June 1992, the Federal Committee allocated an excessive share of joint federal/non-federal expenses to the State Committee, in violation of 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a)(1)(i).

4. Instead of making a payment through the allocation account which the committees had established as early as July 3, 1991, the Federal Committee used a \$180,240.42 debt offset to

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reimburse the State Committee for allocable expenses which it had paid on behalf of the Federal Committee, in violation of 11 C.F.R. § 106.5(g)(1)(ii).

5. During 1992 and 1993, the State Committee made \$94,040.81 in disbursements for itemized administrative and allocable expenses of the Federal Committee, in violation of 2 U.S.C. § 441b, 11 C.F.R. § 102.5(a)(1)(i), and 11 C.F.R. § 106.5(g)(1)(ii).

6. The State Committee transferred \$186,659.45 in non-federal funds to the allocation account to pay for non-federal activity, in violation of 2 U.S.C. § 441b, 11 C.F.R. § 102.5(a)(1)(i), and 11 C.F.R. § 106.5(g)(1)(ii).

VI.1. The Federal Committee will transfer \$67,785.81 to the New York Republican State Committee.

2. Respondents will pay a civil penalty to the Federal Election Commission in the amount of twenty thousand dollars (\$20,000) pursuant to 2 U.S.C. § 437g(a)(5)(A).

3. The Federal Committee will amend its disclosure reports to reflect a correct recalculation of allocable share of administrative expenses.

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

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

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

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

FOR THE COMMISSION:

Lawrence M. Noble  
General Counsel

BY: Lois G. Lerner by AAS  
Lois G. Lerner  
Associate General Counsel

4/2/97  
Date

FOR THE RESPONDENTS:

Jeffrey T. Boley  
Name Jeffrey T. Boley  
Position General Counsel

3/4/97  
Date

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 4413

DATE FILMED 4-25-97 CAMERA NO. 1

CAMERAMAN JM H

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