FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 4415

DATE FILMED 2-3-97 CAMERA NO. 4

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RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

Dave Cuddy

JUL 24 1 09 PM '96

1900 Stanford Drive, Anchorage, Alaska 99508 Phone (907)278-0941

July 21, 1996

Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

Dear Sir:

I am enclosing three copies of a complaint that I am herewith filing with you.

Sincerely,

David W. Cuddy

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RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT

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UNITED STATES OF AMERICA

FEDERAL ELECTION COMMISSION

MUR 4415

SENSITIVE

In the Matter of	:
	:
SENATOR TED STEVENS and the STEVENS FOR SENATE COMMITTEE,	:
Respondents	:

COMPLAINT

DAVID CUDDY, whose legal residence is 1900 Stanford Drive, Anchorage, Alaska 99508, being duly sworn, for his complaint against Senator Ted Stevens and his campaign committee, the Stevens for Senate Committee, avers:

1. This complaint is based entirely on the reports of Senator Ted Stevens' campaign committee, the Stevens for Senate Committee, that were filed with this Commission and with the Secretary of the Senate. I believe that information to be true and accurate.

2. Federal law, 2 U.S.C. Section 439a, provides that no "amounts received by a candidate as contributions . . . may be converted by any person to any personal use . . . ." This Commission has defined "personal use" as

> "any use of funds in a campaign account of a present or former candidate to fulfill a commitment, obligation or expense of any person that would exist irrespective of the candidate's campaign or duties as a Federal officeholder" (11 C.F.R. Section 113.1(g)).

3. Similarly, Rule XXXVIII, clause 2 of the Standing Rules of the Senate provides that "No contribution . . . shall be converted to the personal use of any Member . . . ."

4. Examination of the reports filed with this Commission and with the Secretary of the Senate by the Stevens for Senate Committee leads me to believe that Senator Ted Stevens and the

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Stevens for Senate Committee may have violated those provisions of law and Senate rules on numerous occasions involving tens of thousands of dollars. I cite in this complaint only a few examples of those apparent violations. A lengthier list of possible violations is attached as Appendix A.

5. Example 1: Purchase of a Lincoln Town Car

a. This Commission's regulations state that "Personal use" includes use of campaign funds for "Vehicle expenses, unless they are a de minimis amount," and that,

> "If a [campaign] committee uses campaign funds to pay expenses associated with a vehicle that is used for both personal activities beyond a de minimis amount and campaign or officeholder related activities, the portion of the vehicle expenses associated with the personal activities is personal use, unless the person(s) using the vehicle for personal activities reimburse(s) the campaign account within thirty days for the expenses associated with the personal activities" (11 C.F.R. Section 113.1(g)(1)(ii)(D)).

b. The Stevens for Senate Committee reported that it paid Seekins Ford-Lincoln-Mercury $31,981.10 on June 5, 1991 for "transportation." That was separate and apart from the $20,400 it reported paying Michael Joy Corporation of Washington, D.C. for "purchase of campaign vehicle" on December 26, 1991. It is my belief that the $31,981.10 was used to purchase the Lincoln Town Car that Senator Stevens and his family use for personal activities.

c. The Stevens for Senate Committee has not reported any reimbursements by Senator Stevens or his family for expenses associated with their personal use of that automobile.

6. Example 2: Vehicle Rentals in Washington, D.C. and Arlington, Virginia

a. Apart from the campaign vehicle, and apart from the Lincoln Town Car, the Stevens for Senate Committee reported spending substantial amounts of money to pay Avis Rent-A-Car and Thrifty Car Rental of Washington, D.C. or Arlington, Virginia for "van rentals" or "transportation," as follows:

Payment Date	Amount of Payment
Sept. 4, 1991	$ 1,724.24
July 2, 1993	1,986.11

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Payment Date	Amount of Payment
July 19, 1993	$ 2,115.69
July 19, 1993	2,115.69
Aug. 30, 1994	4,660.15
Sept. 12, 1995	1,872.72
Oct. 19, 1995	1,872.72

b. Each of those payments was made during or near the Senate's summer recess.

c. The Stevens for Senate Committee has not reported any reimbursements by Senator Stevens or his family associated with personal use of those rental vehicles.

7. Example 3: Vehicle Rental in Garden City, New York

a. The Stevens for Senate Committee reported that it paid Avis Rent-A-Car of Garden City, New York $1,262.66 for "car travel" on August 10, 1992.

b. Garden City is on Long Island, a popular summer vacation spot. August 10, 1992 was just before the start of the Senate's 1992 summer recess.

c. The Stevens for Senate Committee has not reported any reimbursements by Senator Stevens or his family associated with personal use of that rental vehicle.

8. Example 4: Household Food Items

a. This Commission's regulations are clear that the use of campaign funds for "Household food items or supplies" is an "inherently" unlawful personal use of those funds unless they were purchased for use in fundraising activities (Federal Register, Feb. 9, 1995, page 7864).

b. In the period from January 1, 1991 through March 31, 1996 the Stevens for Senate Committee reported paying more than $7,000 for "meals" or "food" to Safeway Stores (a supermarket) and Sutton Place Gourmet (an expensive specialty food market) in Washington, D.C., in amounts ranging from $6.63 to $631.53. It appears that at least some of those payments were not for use in fundraising activities. In 1992, for example, a year when his total campaign fundraising was $5,048.31, the

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Stevens for Senate Committee paid Safeway and Sutton Place Gourmet $2,308.07 for "meals" or "food."

9. Example 5: Meals

a. This Commission has stated that sums paid for meals "not involving face to face fundraising" can be unlawful personal use expenditures (id. at 7868).

b. In the period from January 1, 1991 through March 31, 1996 the Stevens for Senate Committee reported paying various restaurants thousands of dollars for meals and entertainment. It appears that at least some of those payments did not involve face to face fundraising. For example, the Stevens for Senate Committee reported paying Hy's Steak House in Honolulu $284.56 for a meal on January 15, 1992; it did not report a single itemized contribution from anyone or any organization in Hawaii in the second half of 1991, the first half of 1992 or the second half of 1992.

10. Example 6: 1991 Travel

a. This Commission's regulations state that it will evaluate a campaign's travel expenses on a case by case basis to determine whether those expenses "fulfill a commitment, obligation or expense that would exist irrespective of the candidate's campaign or duties as a Federal officeholder, and therefore are personal use" (11 C.F.R. Section 113.1(g)(1)(ii)). Those regulations also provide that,

"If a committee uses campaign funds to pay expenses associated with travel that involves both personal activities and campaign or officeholder related activities, the incremental expenses that result from the personal activities are personal use, unless the person(s) benefiting from this use reimburse(s) the campaign account within thirty days for the amount of the incidental expenses . . ." (ibid.).

b. In 1991 alone the Stevens for Senate Committee paid for travel, presumably by Stevens, to Honolulu, San Francisco and Key Largo, Florida. It appears that none of that travel was campaign related, as the Stevens for Senate Committee did not report a single Hawaii, California or Florida contributor that year.

c. The Stevens for Senate Committee has not reported any reimbursements by Senator Stevens or his family associated with personal use on any of those trips.

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11. The above are simply examples. A detailed listing of possible personal use expenditures by the Stevens for Senate Committee is attached as Appendix A.

12. I respectfully request that this Commission

(a) immediately and expeditiously investigate all the expenditures listed on Appendix A;

(b) determine the exact dollar amount of any personal use expenditures by the Stevens for Senate Committee;

(c) order Senator Ted Stevens to reimburse the Stevens for Senate Committee for campaign funds he or his family converted to personal use, with interest and appropriate penalties; and

(d) inasmuch as campaign funds converted to personal use are taxable income to Senator Ted Stevens,[1] report the amount of campaign funds he or his family converted to personal use to the Internal Revenue Service.

David Cuddy

Signed and sworn to before me
this 22nd day of July 1996

Nancy K Dolezilek
Notary Public

NANCY K. DOLEZILEK NOTARY PUBLIC STATE OF ALASKA

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[1] Rev. Proc. 68-19, 1968-1C.B. 810; Rev. Rul. 74-23, 1974-1C.B 17.

APPENDIX A

SENATOR TED STEVENS' QUESTIONABLE CAMPAIGN EXPENDITURES

Payee	Purpose	Dates	Amount
Antique Ltd. Anchorage	Gifts	1/16/91 4/9/91	130.00 129.00
Kingsmill Resort Williamsburg, VA	Fundraising	5/8/91	480.36
Courtyard Inns Phoenix	Lodging	2/19/91 2/19/91	658.26 281.59
Delta Airlines	Travel	1/16/91	1,908.00
Lindos #27 Restaurant Phoenix	Entertainment	1/16/91	314.44
Silverbow Inn Juneau	Entertainment	5/8/91	931.05
Capt. Cook Hotel Anchorage	Lodging	2/19/91	852.00
Budget Rent-A-Car Honolulu	Car rental	5/9/91	228.11
Delta Airlines	Travel	1/16/91	901.82
Hilton Hotels Honolulu	Lodging	5/9/91	1,487.23
Holiday Inn San Francisco	Lodging	5/9/91	209.47

Payee	Purpose	Dates	Amount
Hyatt Regency Washington Washington	Lodging	1/16/91	230.25
USTravel Systems Anchorage	Travel	2/19/91	1,164.50
Chevron USA	Auto expense	2/19/91 4/21/91 5/8/91 5/16/91 6/19/91	230.97 348.41 269.29 236.97 199.24
First Virginia Bank	Meals	1/3/91	82.77
Ritz Carlton Washington Washington	Meals	4/2/91	277.00
Ocean Reef Club Key Largo, FL	Fundraising expense	4/11/91	249.57
Pisces Washington	Fundraising expense	4/17/91	606.33
Scott Sutherland Arlington, VA	Gifts	3/12/91	275.00
Seekins Ford-Lincoln-Mercury Fairbanks	Transportation	6/5/91	31,981.10
Westmark Juneau	Reception cost	4/15/91	2,191.27

Payee	Purpose	Dates	Amount
U.S. Senate Restaurant Washington	Meals, entertainment	4/4/91 5/8/91 4/28/91 6/19/91 2/20/91	432.80 515.83 1,077.79 1,084.45 27.25
Timothy A. McKeever Anchorage	Motor vehicle transfer 1988 Plymouth	4/28/91	11,000.00
Michael Joy Corporation Washington	Purchase of campaign vehicle	12/26/91	20,400.00
116 Club, Inc. Washington	Meals	7/18/91 9/11/91 11/6/91	83.80 80.60 47.10
Listranni's Italian Gourmet Washington	Meals	7/17/91	41.15
D's Florist Anchorage	Flowers	9/4/91	108.00
Avis Rent-A-Car Washington	Transportation	9/4/91	1,724.24
MarkAir, Inc. Anchorage	Transportation	9/4/91	234.00
Sutton Place Gourmet Washington	Food	9/4/91	279.96

Payee	Purpose	Dates	Amount
Sutton Place Gourmet Washington	Food	12/11/91	540.30
Alaska Wildberry Products Anchorage	Gifts	12/11/91	360.19
Carral Travel Washington	Travel	9/19/91	1,440.00
Cactus Cantina Washington	Food	12/27/91	203.63
Chevron USA	Transportation expense	7/9/91 9/4/91 9/19/91 10/24/91 11/7/91 12/23/91	196.26 162.09 310.69 286.55 228.79 220.35
Kingsmill Resort Williamsburg, VA	Lodging	10/21/91	129.77
NANA/Marriott Anchorage	Reception	12/23/91	216.50
Pisces Washington	Dinner expenses	11/7/91	458.72
Safeway Stores Washington	Food	7/19/91 11/4/91	267.77 117.09

Payee	Purpose	Dates	Amount
U.S. Senate Restaurant Washington	Meals	8/2/91	789.35
		9/4/91	549.97
		9/19/91	218.00
		10/4/91	713.98
		9/26/91	200.00
		11/13/91	450.50
		12/11/91	706.45
White House Historical Assn. Washington	Gifts	12/9/91	110.00
		12/10/91	110.00
10th & M Seafoods Anchorage	Seafood/storage	1/15/92	210.00
		5/20/92	120.00
116 [Club], Inc. Washington	Meals	2/18/92	82.15
		3/2/92	48.10
		5/17/92	62.75
		6/25/92	291.45
Galileo Restaurant Washington	Meal	3/18/92	237.73
Hy's Steak House Honolulu	Meal	1/15/92	284.56
Sutton Place Gourmet Washington	Food	3/4/92	631.53
		6/2/92	59.12
		1/27/92	122.61
		3/17/92	57.97
		6/3/92	152.62
		2/25/92	198.15

Payee	Purpose	Dates	Amount
United Airlines	Travel/refund	1/6/92	1,472.00
		3/10/92	- 772.00
		4/16/92	557.00
United Airlines		4/23/92	818.00
		6/10/92	654.00
Westfield's Int'l Conf. Center Chantilly, VA	Conference	3/16/92	506.00
Westmark Hotel Fairbanks	Lodging	4/25/92	69.12
Captain Cook Hotel Anchorage	Reception	2/10/92	376.93
Safeway Stores Washington	Food for reception	1/24/92	178.05
		1/26/92	41.09
U.S. Senate Restaurant Washington	Meals	2/3/92	300.00
		2/14/92	611.20
		3/9/92	176.08
		4/3/92	777.20
		6/3/92	977.31
University Hilton Houston	Conference	6/12/92	300.00
Westmark Hotel Juneau	Reception	3/4/92	794.70

Payee	Purpose	Dates	Amount
Westmark Hotel Fairbanks	Lodging/reception	1/16/92	354.60
Safeway Washington	Food	8/10/92 9/14/92	280.25 298.63
Thrifty Rent-A-Car Arlington, VA	Travel	7/16/92	441.66
Sutton Place Gourmet Washington	Meals	7/16/92 9/14/92	152.62 135.43
Sheraton Hotel Anchorage	Meals	12/15/92	65.48
Listrani's Italian Gourmet Washington	Meals	12/15/92	47.42
Stems, Inc. -- Florist Anchorage	Flowers	12/15/92	68.95
American Plant Food Bethesda, MD	Reception expense	7/16/92 7/16/92	87.09 121.12
Delta Air Atlanta	Travel/refund	8/10/92 8/10/92 8/10/92 9/16/92 10/15/92	250.00 250.00 250.00 -225.00 1,378.00
Avis Rent-A-Car Garden City, NY	Car travel	8/10/92	1,262.66

Payee	Purpose	Dates	Amount
University Hilton Houston	Lodging/meals	9/14/92 9/14/92 9/14/92	326.73 429.63 31.51
Alaska Candle Factory Girdwood	Gifts	12/3/92	1,850.00
United Airlines Chicago	Travel	7/16/92	654.00
Katmailand Anchorage	Lodging	7/24/92	486.00
U.S. Senate Restaurant Washington	Meals	7/6/92 9/16/92 10/26/92	997.17 394.02 275.83
10th & M Seafoods Anchorage	Gifts	4/28/93 6/24/93	120.00 279.00
116 [Club], Inc. Washington	Meals	1/12/93 4/16/93 6/1/93 6/24/93	245.35 103.50 213.80 60.15
Historic Inn of Annapolis Annapolis, MD	Lodging/meals	4/16/93 4/16/93 5/18/93	172.59 117.94 -172.59
Safeway Washington	Food	4/16/93 5/18/93 6/9/93	119.82 287.69 245.54

Payee	Purpose	Dates	Amount
Unipark Silver Spring, MD	Parking	6/21/93	960.00
U.S. Senate Restaurant Washington	Meals	1/12/93	321.98
		2/18/93	1,301.85
		2/18/93	181.76
		3/18/93	100.00
		4/16/93	321.98
		4/16/93	483.48
		5/21/93	25.13
		6/1/93	264.11
		6/24/93	263.59
United Airlines Chicago	Air travel	4/27/93	288.00
		5/14/93	351.00
10th & M Seafoods Anchorage	Gifts	10/8/93	113.50
116 [Club], Inc. Washington	Meals	7/22/93	90.30
		9/13/93	105.65
Captain Cook Hotel Anchorage	Lodging	7/9/93	151.60
		9/11/93	267.75
The China Rose Arlington, VA	Food	12/16/93	94.50
Delta Air Atlanta	Air travel	11/17/93	768.00
		12/18/93	830.00
		12/18/93	830.00

Payee	Purpose	Dates	Amount
Hotel DuPont Wilmington, DE	Entertainment	12/30/93	235.46
Edie Opinsky Anchorage	Gifts	12/30/93	900.00
S.E. Rykoff & Co. Anchorage	Gifts	9/20/93	1,000.00
Safeway Washington	Food	7/9/93	27.03
		7/9/93	94.71
		7/9/93	33.48
		7/9/93	100.37
		8/18/93	33.48
		8/18/93	95.64
		9/11/93	29.37
		9/11/93	37.02
		9/11/93	45.71
		9/11/93	74.8
		9/11/93	178.74
Senate Gift Shop Washington	Gifts	7/2/93	16.20
		7/15/93	119.46
		7/20/93	52.23
		8/10/93	70.00
		12/16/93	168.45
Sutton Place Gourmet Washington	Catering	7/9/93	249.71
		8/18/93	23.02
		8/18/93	59.39

Payee	Purpose	Dates	Amount
The Congressional Club Washington	Catering	12/3/93	100.00
Thrifty Rent-a-car Washington	Van rental	7/2/93 7/19/93	1,986.11 2,115.69
Tuttle & Tuttle Alexandria, VA	Cards	12/30/94	4,347.79
U.S. Senate Restaurant Washington	Meals	8/19/93 11/17/93 10/27/93 7/26/93	356.75 203.40 768.05 1,819.40
Thrifty Rent-a-car Washington	Van rental	7/19/93	2,115.69
American Plant Food Bethesda, MD	Meals	6/15/94 4/13/94	48.15 238.70
Amtrak Union Station Washington	Travel	5/16/94	292.00
Hotel Captain Cook Anchorage	Meals	4/11/94	506.00
Tortilla Coast Washington	Meals	4/13/94	265.42

Payee	Purpose	Dates	Amount
U.S. Senate Restaurant Washington	Meals	1/28/94 2/23/94 3/8/94 3/9/94 4/13/94	61.95 76.02 300.00 258.61 2,634.58
Westmark Baranof Juneau	Catering	5/12/94	1,014.59
Allison Range Arlington, VA	Catering	6/24/94	315.81
Double Musky Girdwood	Meals	4/13/94	259.00
American Plant Food Bethesda, MD	Meals	6/15/94	238.70
The Alfalfa Club Washington	Catering	12/1/94	420.00
Grizzly's Gifts Anchorage	Gifts	11/18/94	300.00
Safeway Washington	Catering	8/15/94 9/20/94	135.21 191.47
Senate Gift Shop Washington	Gifts	7/28/94 11/15/94	67.40 300.00

Payee	Purpose	Dates	Amount
Sutton Place Gourmet Washington	Catering	7/13/94 7/14/94 7/18/94	418.92 107.51 114.76
TravelMasters International Washington	Travel	10/3/94	1,804.64
United Air Washington	Travel	9/20/94 10/12/94	1,821.63 70.00
U.S. Senate Restaurant Washington	Meals	7/22/94 8/31/94 9/21/94 10/20/94 11/30/94 12/27/94 12/29/94	454.65 1,100.30 96.29 378.07 146.00 1,408.75 251.00
Thrifty Car Rental Arlington, VA	Transportation	8/30/94	4,660.15
The Captain Cook Hotel Anchorage	Meals	1/20/95 5/18/95	351.45 115.00
Eastern Shore Tea Co. location not stated	Gifts	5/19/95	500.00
U.S. Senate Restaurant Washington	Meals	3/14/95 4/19/95 5/25/95 6/15/95	1,263.70 592.49 239.32 504.15

Payee	Purpose	Dates	Amount
Americanair Washington	Travel	4/10/95 5/9/95 5/9/95	468.00 30.00 105.00
Hertz Rent-A-Car FL	Car rental	5/9/95	261.74
The Ritz Carlton Hotel location not stated	Lodging/reception?	5/9/95	1,412.84
Americanair Washington	Travel	3/16/95	30.00
Second Course Juneau Juneau	Gifts	3/16/95	442.00
Baranof Hotel Juneau Westmark Juneau	Meals	3/16/95	288.97
Hertz Rent-A-Car FL	Car rental	2/6/95	87.00
10th and M Lockers Anchorage	Packing charges Seafood	7/1/95 9/12/95	24.00 85.80
Sutton Place Gourmet Washington	Meals	9/20/95	254.98
The Congressional Club	Meals	11/7/95	100.00
Eastern Shore Tea Co. Church Hill, MD	Artwork Gifts and shipping	8/24/95 11/14/95	500.00 1,947.85

Payee	Purpose	Dates	Amount
U.S.T. [U.S. Tobacco] Greenwich, CT	Travel	12/13/95	1,171.00
U.S. Senate Restaurant Washington	Meals	7/18/95 8/30/95 9/27/95 10/19/95 11/22/95 12/1/95	523.53 1,058.95 257.70 600.52 783.19 788.47
K.N.O.M. Nome	Mugs	7/18/95	210.00
United Air Washington	Travel	10/20/95	868.00
Sutton Place Gourmet Washington	Meals	7/1/95	64.25
Safeway	Food	8/9/95 8/9/95	6.63 17.88
Thrifty Car Rental Washington	Van rental	9/12/95	1,872.72
Safeway Washington	Food	9/12/95	247.02
Senate Gift Shop Washington	Gifts	9/12/95	529.75

Payee	Purpose	Dates	Amount
United Air Washington	Travel	9/12/95 9/12/95 9/12/95 9/12/95	140.00 140.00 140.00 140.00
Delta Airlines Washington	Travel	10/19/95	67.00
Thrifty Car Rental Washington	Van rental	10/19/95	1,872.72
United Air Arlington, VA	Travel	10/19/95 10/19/95	859.00 488.00
Delta Airlines Atlanta	Travel	10/19/95 10/19/95	580.00 580.00
Senate Gift Shop Washington	Gifts	10/19/95	160.50
Delta Airlines Washington	Travel	11/22/95 11/22/95	875.00 875.00
Delta Airlines Atlanta	Travel	11/22/95	128.00
Senate Gift Shop Washington	Gifts	11/22/95	135.40
American Airlines Dallas	Travel	12/17/95	906.00

Payee	Purpose	Dates	Amount
United Air Washington	Travel	12/17/95 12/17/95	511.00 1,505.00
Safeway Washington	Meals	10/19/95	311.24
Sutton Place Gourmet Washington	Meals	10/19/95	48.71
U.S. Senate Restaurant Washington	Meals	1/19/96 2/26/96 3/27/96	3,066.64 242.93 144.41
Dennis Wheeler Coeur d'Alene, ID	Silver medallions	3/8/96	670.00
Senate Steering Committee Washington	Meals	1/30/96	500.00
The Great Alaskan Bowl Co. Fairbanks	Gifts	1/19/96	2,000.00
Willard Inter-Continental Hotel Washington	Meals	1/10/96	2,258.47
Susan Gage Catering Washington	Catering services	2/8/96	3,448.70
Arni Thompson Blaine, WA	Seafood	2/16/96	710.00

Payee	Purpose	Dates	Amount
Eastern Shore Tea Co. Church Hill, MD	Gifts	1/3/96 2/26/96 2/28/96 3/5/96	1,509.43 758.34 944.25 630.20
Mark Kandianis Kodiak	Seafood and freight	2/15/96	300.00
The Phoenician Scottsdale, AZ	Travel	2/16/96 2/16/96	200.00 647.84
Hertz Rent-A-Car Florida	Travel	2/16/96	235.50
TWA Airline Washington	Travel	2/16/96	891.00
Shared Tech Phone Rent West Palm Beach, FL	Travel	2/16/96	288.94
Erol's Service Springfield, VA	Travel	2/16/96	264.25
United Air Washington	Travel	3/10/96	543.50
Delta Airlines Washington	Travel	3/10/96 3/10/96	84.55 893.00
Hilton Hotels St. Louis	Travel	3/10/96	649.88

TOTAL CONTRIBUTIONS

Period	Amount
1/1 - 6/30/91	$ 7,069.10
7/1 - 12/31/91	7,470.40
1/1 - 6/30/92	2,380.90
7/1 - 12/31/92	2,667.41
1/1 - 6/30/93	78,900.00
7/1 - 12/31/93	48,028.00
1/1 - 6/30/94	5,500.00
7/1 - 12/31/94	102,740.74
1/1 - 6/30/95	403,275.66
7/1 -12/31/95	621,059.09

FEDERAL ELECTION COMMISSION
Washington, DC 20463

July 26, 1996

Dave Cuddy
1900 Stanford Drive
Anchorage, Alaska 99508

RE: MUR 4415

Dear Mr. Cuddy:

This letter acknowledges receipt on July 24, 1996, of your complaint alleging possible violations of the Federal Election Campaign Act of 1971, as amended ("the Act"). The respondent(s) will be notified of this complaint within five days.

The respondents will be notified as soon as the Federal Election Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to the Office of the General Counsel. Such information must be sworn to in the same manner as the original complaint. We have numbered this matter MUR 4415. Please refer to this number in all future communications. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Colleen T. Sealander, Attorney
Central Enforcement Docket

Enclosure
Procedures

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FEDERAL ELECTION COMMISSION
Washington, DC 20463

July 26, 1996

The Honorable Theodore F. Stevens
PO Box 100879
Anchorage, Alaska 99510

RE: MUR 4415

Dear Senator Stevens:

The Federal Election Commission received a complaint which indicates that you may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4415. Please refer to this number in all future correspondence.

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

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

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

Sincerely,

Colleen T. Sealander, Attorney
Central Enforcement Docket

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

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FEDERAL ELECTION COMMISSION
Washington, DC 20463

July 26, 1996

The Honorable Theodore F. Stevens
522 Hart Senate Office Building
Washington, DC 20510

RE: MUR 4415

Dear Senator Stevens:

The Federal Election Commission received a complaint which indicates that you may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4415. Please refer to this number in all future correspondence.

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

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

Sincerely,

Colleen T. Sealander, Attorney
Central Enforcement Docket

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

9704377397 3

FEDERAL ELECTION COMMISSION
Washington, DC 20463

July 26, 1996

Timothy A. McKeever, Treasurer
Stevens for Senate Committee
P.O. Box 100879
Anchorage, Alaska 99510

RE: MUR 4415

Dear Mr. McKeever:

The Federal Election Commission received a complaint which indicates that the Stevens for Senate Committee ("Committee") and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4415. Please refer to this number in all future correspondence.

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

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

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

Sincerely,

Colleen T. Sealander, Attorney
Central Enforcement Docket

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

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LAW OFFICES OF
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A PROFESSIONAL CORPORATION

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TELECOPIER: (907) 277-4657

SEATTLE OFFICE
FIRST INTERSTATE CENTER
999 THIRD AVENUE, SUITE 2500
SEATTLE, WASHINGTON 98104
(206) 292-8008

PLEASE REPLY TO ANCHORAGE OFFICE

August 12, 1996

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OFFICE OF GENERAL
COUNSEL
AUG 14 12 41 PM '96

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Via Express Delivery TIME SENSITIVE
Colleen T. Sealander
Central Enforcement Docket
Federal Election Commission
Washington, D.C. 20463

RE: Stevens for Senate Committee
MUR 4415
Our File No 391-12451 A2

Dear Ms. Sealander,

This letter is in response to the complaint filed against Senator Ted Stevens, the Stevens for Senate Committee, the principal campaign committee for Senator Stevens (The Committee) and me as its treasurer by David Cuddy who is a republican opponent of Senator Stevens in the August 27th Alaska primary election.

Senator Stevens served as a Member of the Senate Select Committee on Ethics and was its Chairman from 1983 to January 1985. He has served for a number of years as a member of the Senate Rules Committee which has jurisdictional responsibilities over federal election law matters and served as Chairman of that Committee from January 1995 until the spring of 1996. He takes all ethical matters extremely seriously. His reputation in the State and in the Senate is without blemish. And he has always insisted that his campaign follow the same high standards.

The Commission should be aware that Mr Cuddy also filed two complaints with the Senate Ethics Committee at the same time--one is identical to the complaint filed with the Commission, the other alleges improper use of Senate staff.[1] On August 9, 1996 the Ethics

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[1] This MUR involves only the alleged improper use of campaign funds. It is my understanding that the Commission will not review or consider the allegations of the second complaint filed with the Ethics Committee. Please advise me at once if this assumption is not correct.

Committee determined there was no basis for Mr. Cuddy's charges. A copy of that determination is attached as Exhibit A.[2]

Based upon the circumstances surrounding the filing of these complaints by Mr. Cuddy, it is apparent that these charges were politically motivated and are little more than an effort to generate media attention for Mr. Cuddy's campaign in the up-coming Republican primary in Alaska. Nevertheless, we ask for a prompt but careful review of the Stevens for Senate Committee's actions which you will find to be fully and completely in compliance with federal law.

It is also important for the Commission to know that most of the information outlined in these complaints has been taken from the public record, almost exclusively from reports of the Stevens for Senate Committee which were filed with the Commission. The information which Mr. Cuddy relies upon is contained in public documents that have been available to him and to agencies of the federal government, the media, and to Senate auditors for almost six years. Yet, until now, no concerns were ever raised by Mr. Cuddy, or anyone else for that matter.

The fact that Mr. Cuddy has waited to file these complaints until five weeks before the 1996 Alaska Republican primary, even though the allegations refer to activities which occurred as long ago as 1990, should suggest to the Commission that there is a political motivation underlying Mr. Cuddy's decision to file these complaints at this time.[3]

Press accounts in Alaska which have reported on the filing of these complaints have also included the fact that Mr. Cuddy, probably through his campaign committee, hired a well-known opposition researcher specializing in negative campaigns to draft these complaints. Mr. Cuddy has now admitted upon inquiry by the Alaska press that some of the information contained in the

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[2] The exhibits to this letter and the attached Detailed Response are sequential to avoid confusion.

[3] This conclusion is bolstered by the fact that Mr. Cuddy held a press conference to announce the complaints and at that press conference Mr. Cuddy admitted that this information was known to him in May of 1996. Yet he chose to delay filing the complaint until late July -- less than five weeks before the August primary election.

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complaint was, in fact, inaccurate. (See Associated Press article dated July 25, 1996.) Exhibit B. He has also written to the Commission and noted his error. Exhibit C.

The Commission plays a legitimate and appropriate role in investigating election law violations. However, the Commission should not allow itself to be used to generate headlines for political gain. I am enclosing various materials from Mr. Cuddy's campaign so that you can see how he is using these complaints in his campaign. Exhibit D. He has also conducted a media blitz on radio talk shows and held campaign meetings to discuss these complaints further. Id. These charges are also featured in his electronic media. The Commission must judge for itself whether Mr. Cuddy really seeks the truth or whether his motivations are otherwise.

We will show item by item that Mr. Cuddy's complaint is based on conjecture and fantasy. His opposition researcher reviewed information that was disclosed to the Federal Election Commission and then fabricated explanations that are nothing more than myth.

For example, Mr. Cuddy implies that Senator Stevens used campaign funds to go on a personal vacation in Garden City, New York, indicating that it is "a popular summer vacation spot." In reality, Garden City is an industrial city, not a resort community, and it just also happens to be Avis Rent-A-Car headquarters. That's the address on a credit card voucher used to pay for a van rental in Washington, D.C. for Senator Stevens' high school interns from Alaska.

Attached is a detailed response to Mr. Cuddy's groundless complaints. If you have any further questions, please feel free to contact me directly at (907) 274-0666.

Sincerely,

Timothy A. McKeever
Treasurer
Stevens for Senate Committee

Enclosure

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Federal Election Commission

Washington DC 20463

In the Matter of SENATOR TED STEVENS the STEVENS FOR SENATE COMMITTEE, Respondents	:

MUR 4415

DETAILED RESPONSE TO COMPLAINT FILED BY DAVID CUDDY, REPUBLICAN CANDIDATE FOR UNITED STATES SENATE

I. Background on the Prohibition against Campaign Contribution Conversions:

Senate Rules and Federal Laws: In 1979 Congress adopted a series of amendments to the Federal Election Campaign Act (FECA), one of which sought to prohibit the use of campaign funds for any personal use, other than by an individual serving as a Member of Congress on January 8, 1980. 2 U.S.C. §439(a). In 1989, Congress enacted the Ethics Reform Act which in part (Sec. 504) limited "personal use" by Members of Congress who were serving on January 8, 1980 to the unobligated balance in the campaign accounts as of November 30, 1989. This statute also completely prohibited the use of campaign funds by any person who served in the 103rd Congress which convened on January 3, 1993. According to the Federal Election Commission (The Commission), "[T]hus, any grandfathered Members who returned to Congress in January 1993 gave up the right to convert campaign funds to personal use." 60 Fed. Reg. 7862 (1995)

The Commission has historically given broad discretion to a campaign committee to determine whether an "expenditure" from a campaign account was appropriate. The Commission had held that "candidates and their campaign committees can make their own determinations as to types of expenditures that will most effectively influence their nomination or elections." See Advisory Opinion 1985-42 and opinions cited therein.

In May of 1992 the Senate acted to modify Senate Rule 38 to further insure that campaign funds could not be used by Senators either for personal use or to reimburse official Senate office expenses. While Rule 38 now bars the use of campaign funds to defray a Senator's official office expenses, the rule clearly

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permits a Member of the Senate to pay "expenses incurred in connection with his official duties" with campaign funds.

Over the years prior to May, 1992, the Ethics Committee had addressed the permissibility of utilizing campaign funds to defray the "expenses of holding public office." I would refer you to Interpretative Rulings No. 226 (January 30, 1979), No. 350 (October 5, 1980), No. 400 (August 2, 1985) and No. 421 (October 10, 1987) for a further explanation of the Committee's thinking on this general issue.

In February 1995, the Commission adopted regulations governing personal use of campaign funds. 60 Fed. Reg 7862 (1995) The regulations generally retain the broad discretion given to candidates and campaigns to determine whether an expenditure has political benefits but provide more detailed guidelines than existed previously. The Commission adopted a standard that a prohibited "personal use" would occur if campaign funds were used "to fulfill a commitment, obligation or expense of any person that would exist irrespective of the candidate's campaign or responsibilities as a federal officeholder."[1] 11 C.R.R. 113.1. Specific types of expenditures were determined by the FEC not to be sufficiently related to a campaign purpose and thus not appropriate for reimbursement from a campaign account. Generally however, the FEC permits the use of campaign funds for political and campaign purposes and for the reimbursement of expenses which exist because of a candidate's role as a federal officeholder.

<u>Commission Procedure and the Burden of Proof</u>: At the outset, it is important for the Commission to keep in mind that the filing of a complaint does not, in and of itself, shift the burden of proof to the Respondents in such a complaint. The presumption of innocence applies to the Respondents and the burden of proving that the allegation has even some minimal basis in fact continues to rest on the complaining party.

As a preliminary matter the General Counsel is empowered to review complaints and the responses thereto and if there is no reason to believe that a violation of federal election law has been committed, is empowered to dismiss a complaint. 11 CFR 111.7(b) Indeed the General Counsel may do so prior to the receipt of the response. <u>Id</u>.

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[1] Mr. Cuddy, in his complaint, improperly asserts that the 1995 rules applied to conduct which occurred before the effective date of those rules. While this is largely irrelevant here because there was no personal use of campaign funds, he seeks to apply standards that were not in effect.

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In this instance, Mr. Cuddy's "research" of material taken from the public record is so shoddy and his offer of proof to support his allegations is so demonstrably lacking that it suggests that his intent was to throw accusations at the Commission and hope that the Commission would produce the evidence to support his allegations. As the Senate Ethics Committee found, this complaint is based on little more than speculation, without any basis in fact. Likewise the complaint should immmediately dismissed by the General Counsel.

Mr. Cuddy has personally attested that the information contained in this complaint is "true and accurate." The Committee will show that it is neither true nor accurate.

We will respond in detail to the specific allegations highlighted in his complaint and will address the remaining charges in a general fashion. At the outset however I would note that Mr. Cuddy's complaint does not appear to even meet the fundamental requirements of a valid complaint. 11 CFR 111.3(c) requires that the complaint differentiate between statements based on personal knowledge and statements based on information and belief. 11 CFR 111.3(d) requires a statement as to the source of information which gives rise to the complainant's belief in the truth of the statements which are not based on personal knowledge. Mr Cuddy's complaint neither differentiates between statements based on personal knowledge and information and belief and nor does it include any statement as to why he believes the facts of which he has no personal knowledge are true. The complaint could be rejected on this basis alone.

Example 1: Campaign Car

In June, 1991, the Stevens for Senate Committee utilized excess campaign funds from the 1990 campaign to purchase a car from a dealer in Alaska for campaign use and for officially connected events. The Commission has repeatedly determined that a campaign may purchase a vehicle to be used for travel relating to campaign and officially connected duties by the candidate and the Committee. See Advisory Opinion 1987-2 and the opinions cited therein. The Commission has also found that campaign funds can be used to pay the ordinary and necessary expenses incurred in connection with a member of Congress's duties as a holder of federal office. Id. See also 2 U.S.C. § 439a. The Commission concluded in 1987 that even personal use of a campaign car was not prohibited by a member of Congress who served on January 8, 1980. See Advisory Opinion 1987-2.

At all times, the car owned by the Stevens for Senate Committee was used in accord with the ethical guidance later set forth by the Ethics Committee in Interpretative Ruling No. 442, which states that:

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> Campaign cars may be used without reimbursement for campaign or officially connected use. Automobiles provided for a Senator's use by a campaign committee may be used for official business (Rule 38.1(b)) or personal use (Rule 38.2) if the Senator personally reimburses the campaign for such use, or if such use is de minimis or incidental to the campaign use . . .

Senator Stevens and his staff used the car in Washington, D.C. to drive to political events as well as officially connected meetings. Like most senators, on an average evening, Senator Stevens attends several political events, including fundraisers for himself or other candidates, receptions or meetings sponsored by the Republican Party and the like. He also used this vehicle to travel to meetings with other government officials at their offices and to transport him to the airport so he could return to Alaska. The car was also used to transport visiting Alaskans around Washington, like members of the Alaska Legislature or Iditarod musher Susan Butcher and her lead dog, Granite, who were invited to the White House. In short, the car was used for political and officially connected purposes.

Mr. Cuddy mistakenly asserted, as a fact, that the car the campaign bought from Seekins Ford-Lincoln-Mercury "was separate and apart from the $20,400 it reported paying Michael Joy Corporation of Washington, D.C. for 'purchase of campaign vehicles' on December 26, 1991" (emphasis added). As the Commission can see from the report of the Committee filed with the Commission, the Committee did not "PAY" the Michael Joy Corporation to "PURCHASE" an additional campaign vehicle. In fact, the Stevens for Senate Committee SOLD the car we already had. It is clear from the report that the transaction with the Michael Joy Corporation was a receipt by the Committee.[2] Mr. Cuddy has now acknowledged to the Commission that his accusation in this regard is an error. See Exhibit C.

Mr. Cuddy also alleged that "[t]he Stevens for Senate Committee has not reported any reimbursements by Senator Stevens or his family for expenses associated with their personal use of that automobile" (emphasis added). However, a more thorough review of the FEC reports than Mr. Cuddy apparently made shows that on January 6, 1992, Senator Stevens did reimburse the campaign $1,487.18 for the use of the car for six months from

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[2] Mr. Cuddy's researcher has apparently acknowledged this error, but Cuddy has not retracted this charge.

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June 1991 until the car was sold.[3] See Exhibit E. See Affidavit of Timothy A. McKeever, Exhibit M at ¶ 5.

Further, Mr. Cuddy fails to inform the Committee that during this six-month period when the campaign had a car, Senator Stevens and his wife, Catherine, personally owned two cars. In addition, Mrs. Stevens had access to a company car at her job during work hours.

Example 2: Vehicle Rentals

Mr. Cuddy notes that from 1991 to 1995, the Committee campaign rented vehicles in Washington, D.C. "during or near the Senate's summer recess" implying that Senator Stevens or his family used them for personal vacations.

In reality, the Committee rented the vans to transport high school interns from Alaska to and from work and around Washington. After one of Senator Stevens' Alaska interns was held up at gunpoint, another robbed and a third threatened with a knife, he, in consultation with the Committee concluded that to ensure their safety, the interns should travel together.[4] The only way to accomplish that end was to rent a van large enough to transport them in one vehicle. Rather than use taxpayer funds, the Committee rented the vans using campaign funds.

Attached are affidavits and other statements from several interns confirming that they have been transported in the intern van and that Senator Stevens and the members of his family have never so much as ridden in the van, let alone used it for personal use as Mr. Cuddy alleges in his complaints. Exhibits G, H, I.

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[3] The July, 1992 Federal Election Commission Report of "Itemized Receipts" shows that Senator Stevens wrote a personal check to the Stevens for Senate Committee on January 6, 1992 for $1,487.18 for "reimbursement/transportation." This reimbursement included not only payment for any personal use of the car, but also interest on that payment. See Exhibit F.

[4] Senator Stevens intern program is unusual in that his interns are all young people who have graduated from high school in Alaska the spring before they come to Washington. In many cases the trip to Washington is their first travel outside Alaska. In most cases it is their first time on their own in a large city. (The largest city in Alaska, Anchorage, has a population of about 280,000. Many interns come from small communities including some as small as native villages with only 100 residents.) For all these reasons concern about the personal safety of the interns exists.

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Example 3: Vehicle Rental in Garden City, New York

Mr. Cuddy implies that Senator Stevens or his family made personal use of campaign funds to go on a vacation in Garden City, New York, which Mr. Cuddy states is "a popular summer vacation spot." In reality, Garden City is an industrial city on the outskirts of New York City, not a resort community. In fact it is not possible to rent a car from Avis there because Avis does not even operate a rental facility in Garden City. (See attached letter from Andrew Halcro, Exhibit J)

However, Garden City is the site of Avis Rent-A-Car's world headquarters, and all cars rented from corporate-owned locations of Avis Rent-A-Car, no matter where the location is, are processed by the credit card company with a Garden City, New York address. In fact, in the summer of 1992 the Committee rented a van in the Washington, D.C. area for Senator Stevens' high school interns from Alaska. Senator Stevens did not use that van for personal use and did not travel to or vacation in New York. During the August recess period of 1992 he was traveling in Alaska.

Again Mr. Cuddy's charges rest on speculation and conjecture. Not only does he offer no evidence or proof to support the charges, they are demonstrably false.

Example 4: Food Items

Mr. Cuddy implies that the campaign purchased food at a Safeway and other grocery stores with the intent of feeding Senator Stevens' family because, as he states, "at least some of those payments were not for use in fundraising activities." He again offers no proof as to the charges he makes and indeed he has no knowledge of the use that was made of the food purchased by the campaign.

Senator Stevens often holds officially connected conferences and events in his offices, both in Alaska and Washington, as well as in his homes in both locations. On such occasions, to save money, the Committee has purchased coffee, donuts, cookies and sandwich makings at a local Safeway or other food stores for the groups attending these events. For example, Senator Stevens served refreshments at a drug abuse/law enforcement summit held in Alaska in August of 1990 which was attended by Secretary of Health and Human Services Leon Sullivan.

In addition, the Committee tries to have soft drinks or hot coffee on hand for visiting Alaskans who meet with the Senator or his staff while touring the nation's capital. The Committee believes that such expenditures are appropriate use of campaign

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funds because of the political and other benefits which may result.

The Federal Election Commission regulations published February 9, 1995 note that the statutory prohibition against the conversion of a campaign contribution to personal use "would not prohibit the purchase of food or supplies for use in fundraising, even if the fundraising activities take place in the candidate's home.[5] Further, "refreshments for a campaign meeting are permissible."[6]

Senator Stevens is frugal[7] when it comes to campaign funds. In an effort to save money, the Committee has held fundraisers at the candidate's home at which his wife, Catherine, and the Senator prepare the food. Senator and Mrs. Stevens typically serve Alaska seafood which Stevens prepares himself. The side dishes -- bread, pasta, vegetables -- are usually purchased at Safeway. However, if it is a large group, occasionally part of the meal is catered. The Committee may buy the beer, wine, and soft drinks for fundraising events from a local liquor store or more recently, from Costco. Our actions are completely consistent with FEC regulatory guidelines.

Example 5: Meals

Mr. Cuddy implies that campaign funds used to pay for restaurant meals and that this was somehow an improper use of campaign funds. He specifically cites a meal the Committee paid for at Hy's Steak House in Honolulu on January 15, 1992.

The January, 1992 meal which is the subject of Mr. Cuddy's complaint involved Senator Daniel Inouye (D-Hawaii), then Chairman of the Defense Appropriations Committee, Richard Collins, the staff director of the Subcommittee, an Appropriations Committee assistant, Steve Cortese, and two Air Force officers who accompanied them on an official inspection tour of defense facilities in the Pacific to determine their budget needs for the upcoming year.[8]

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[5] 60 Fed. Reg. 7664 (1995).

[6] Id.

[7] The campaign has spent an average of less than $112 per month over the period covered in Mr. Cuddy's complaint for refreshments and beverages for officially connected conferences and meetings, and for food and beverages for fundraisers and other such events.

[8] See Memorandum of Steve Cortese, Exhibit K.

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At the conclusion of this trip, the delegation flew through Honolulu on its return to Washington and met with the Commander-in-Chief of the Pacific Command. On January 15th, the delegation met with CINCPAC General Larson to discuss the future of Alaska's military bases under his command, classified matters concerning North and South Korea and the Philippines as well as the 1993 Defense budget. The delegation also met with General Adams and General Corns. That evening's dinner, with other federal officials, was clearly an "officially connected event." This expense was incurred in connection with Senator Stevens duties as a federal office holder. And maintaining good rapport with the commanders of the military bases in Alaska has political benefits in a state where a large percentage of the population is economically dependent on those bases.

Example 6: Travel

Mr. Cuddy alleges that the Committee paid for Senator Stevens to make personal trips in 1991 to Honolulu, San Francisco and Key Largo, Florida. However, because the FEC disclosure reports, from which Mr. Cuddy's opposition researcher drew his conclusions, do not detail actual travel destinations or the persons travelling, his allegations are pure speculation and indeed are not true.

He has no personal knowledge or factual evidence that Senator Stevens was personally present in those locations. For example, the Committee did not pay for Senator Stevens to travel to Florida, Hawaii or Arizona in 1991 as Mr. Cuddy alleges. The committee rewarded two campaign workers with trips to to Hawaii and Arizona for outstanding performance on behalf of the campaign.[9]

II. General Response

Mr. Cuddy also attaches several pages of expenses which he alleges were personal in some fashion. Again he produces no evidence of any personal use and merely speculates as to the personal use of which he complains. We will respond by category to the allegations Mr. Cuddy made.

A. Meals and Food Expenses

As noted above, we have used campaign funds for a number of appropriate uses in Washington. Campaign funds are used to provide refreshments for visitors to Senator Stevens' offices. The government does not provide official funds

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[9] See Affidavit of Timothy A. McKeever.

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for that purpose. These supplies are often purchased at local food stores in Washington.

Also from time to time Senator Stevens and his wife host gatherings at their home. Those include, but are not limited to, hosting groups of Alaskans who are visiting, having office parties at the house, having the interns come to the house and having other public officials, including other members of the Senate to Senator Stevens' home. Frequently they have Alaskans and government officials present and use the informal nature of these events to explain issues and problems which confront our state. The campaign has paid for food and supplies necessary for those events.

Sometimes Senator and Mrs. Stevens serve Alaskan salmon, seafood, hot dogs or hamburgers, and sometimes they order pizza. But the campaign does not buy household food for the Stevens family. Further, the Stevens family does not keep the leftovers from such events. If leftovers exist, they are taken to the office the next day for staff.[10]

Senator and Mrs. Stevens have also hosted campaign events at their home, including fundraisers for his campaign and the campaigns of other members of Congress. The campaign has paid for the costs of such events and where other campaigns have benefited, we have reported such "in-kind contributions" to those campaigns and to the FEC.

In addition we have paid for food and refreshments at various events in Alaska including receptions for members of the press, issue oriented "mini-conferences" with groups of constituents and similar events. Such expenditures are appropriate use of campaign funds.

Senator Stevens also frequently hosts groups of Alaskans or others involved in the work he does in the Senate at lunch at the Senator's dining room. When he does so and officially connected business is conducted at such lunches or political benefits may result, the campaign committee pays for the meals. Occasionally Senator Stevens will host a luncheon for members of the press or others. In late July 1996, for example, the Senator hosted a lunch for members of the press and served red salmon from Bristol Bay as part of a state effort to promote the consumption of that important Alaska product. The committee will often help with the costs of such events because they are both "officially connected" and of political benefit. However,

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[10] See Affidavit of Lisa J. Sutherland.

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when the Senator has lunch with his wife and daughter or friends, he pays for those meals out of his personal funds.

B. Meals and Food While Traveling

A number of the claimed "personal uses" of campaign funds occurred outside of Washington. For example every year Senator Stevens speak to a joint session of the Alaska State Legislature to advise the members of Alaska issues pending in the Congress. In connection with that address, Senator Stevens host a reception at a hotel or other facility in Juneau, our state's capital. Such events are "officially connected" as that term is used in Interpretive Ruling No. 442 and also provide some political benefit.

The Senator has also hosted dinners or other events with campaign supporters. Such events give the Senator an opportunity to express his thanks to such supporters and, on occasion, encourage them to assist him in future campaigns. A number of the events alleged by Mr. Cuddy to have been improper were of this nature and have been beneficial to Senator Stevens' campaign in the current election cycle.

Additionally Senator Stevens has used campaign funds to host dinners with other public officials as noted above. Those events have either been "officially connected" or specifically campaign related. For example, earlier this month Senator Stevens hosted a dinner for the Members of the Senate Appropriations Committee in honor of retiring Chairman Mark O. Hatfield.

C. Travel for Spouse and Children

Federal funds cannot be used to pay for travel by members of a Senator's family. When the Senator's wife and children have traveled to and from Alaska to attend various political or campaign events, or to participate in public events and gatherings, the Committee has paid for such travel. However, the Committee has never paid for travel by his wife or children for vacations or personal use.

D. Benefits to Campaign Staff

As a recognition of their service (both volunteer and paid) during the 1990 campaign, the Committee provided benefits in the nature of bonuses to various people who worked on the campaign. These bonuses were intended to recognize the hard work and extra effort these individuals put into the

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1990 campaign effort. The bonuses included travel benefits and transfer of a used, damaged vehicle.

E. Expenses Incident to Fundraising

The Committee has been very actively raising funds to pay for the 1996 campaign since the spring of 1993.[11] We have held fundraisers in various communities in Alaska and other locations. In connection with such events we have incurred travel, food, and lodging expenses. Those are campaign related expenses and entirely proper.

F. Expenses for other political events.

For several years the Senate Republican Conference has held annual retreats to discuss legislative strategy and planning outside of Washington at locations like Williamsburg and Chantilly, Virginia, and Annapolis, Maryland. The Committee has paid for Senator Stevens' expenses for such event, because Senator Stevens did not believe it was appropriate for the taxpayers to bear such costs. Such events are politically beneficial and Senator Stevens would not have attended such events but for the fact that he is a member of the Senate.

In addition, in 1992 the Committee paid for the costs incurred to attend the Republican National Convention in Houston, Texas. Again that is a fundamentally political event, it was not proper for the Senate to pay the costs for such a trip. Such expenses have been found by the Commission to be appropriate use of campaign funds. See Advisory Opinions 1996-19 and 1996-20.

G. Gifts/Flowers

As a member of the Senate, Senator Stevens is invited to dozens of weddings, baptisms, and charitable events in Alaska each year by former staff and interns, campaign supporters, and others. Senator Stevens often sends a small gift or item for auction. On occasion, the Committee sends flowers to the funeral of a political leader or longtime supporter. Senator Stevens does not, and the Committee would not in any case, ask the Committee to pay

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[11] It is worth noting that a review of your records will reveal that Senator Stevens qualified as a candidate for the 1996 campaign as defined by the FECA in the spring of 1991.

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for gifts to family members or for flowers at family funerals.

Senator Stevens also distributes small gifts at Christmas to his staff, to his close campaign supporters and to other Senators. Those gifts have included, from time to time, Capitol or White House Christmas ornaments, Alaska seafood, and Alaska Wildberry Products.

In addition Senator Stevens hosts an annual women's lunch for several hundred women in several communities in his home state. Each year he gives a small memento at such events. The gifts have included specially blended tea, candles made in Alaska, note pads and the like. The Committee provides these small mementos and occasionally helps subsidize the costs of the lunch. (The women who attend pay the actual cost of the food served, but they are not asked to pay for the gifts or incidental costs, such as the cost of invitations and the like.)

H. Miscellaneous Other Expenses.

In late 1990 a friend of Senator Stevens purchased 27 watches with the campaign logo on them. The Committee distributed those to campaign supporters and reimbursed him in 1991 for the cost of those "gifts." This is clearly a campaign-related expense.

The Committee has purchased Alaska mugs and used them in the Senate office to serve coffee to visitors. Senator Stevens did not feel that federal funds should be used for such an expense.

The Committee has provided parking at a fundraising event and the campaign paid for that.

The Committee has paid for campaign workers to come to Washington for Senator Stevens' swearing-in ceremonies -- again this is in the nature of a reward for the hard work they have put in.

In summary, Mr. Cuddy's allegations of personal use of campaign funds are completely unfounded. He has taken information in the records of the Commission and twisted and distorted that information. He offers not a single fact to support his conjecture about what funds were used for -- his complaint is based entirely on assumption and speculation.

Mr. Cuddy's complaint is a thinly veiled and calculated plan to generate press headlines at the expense of Senator Stevens and others he has attacked. The Senator and the

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Committee are scrupulously careful to insure that no campaign funds are put to his personal use. The Committee stands ready to provide any additional information the Commission should require.

However we believe the foregoing information is adequate to demonstrate to the Commission that Senator Stevens, the Committee and I have been very careful to comply fully and completely with the Rules of the Senate and the applicable laws.

Just as the Ethics Committee has done, The Commission should review this matter and find that there is no factual basis for the allegations raised by Mr. Cuddy. The Commission should also send a strong message that its processes are not available to be abused as a campaign tactic by acting promptly to resolve this matter well before the Primary on August 27, 1996. The Commission cannot, by inaction or delay, permit these groundless allegations to linger.

DATED this 12 day of August, 1996.

Timothy A. McKeever
Treasurer
Stevens for Senate Committee

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A

MITCH McCONNELL, KENTUCKY, CHAIRMAN
BYRON L. DORGAN, NORTH DAKOTA, VICE CHAIRMAN
ROBERT SMITH, NEW HAMPSHIRE
LARRY CRAIG, IDAHO
HARRY REID, NEVADA
PATTY MURRAY, WASHINGTON
VICTOR BAIRD, STAFF DIRECTOR AND CHIEF COUNSEL
ANNETTE M. GALLIE, CHIEF CLERK

United States Senate

SELECT COMMITTEE ON ETHICS
HART SENATE OFFICE BUILDING, ROOM 220
SECOND AND CONSTITUTION AVENUE, NE.
WASHINGTON, DC 20510-6425
TELEPHONE (202) 224-2981

August 9, 1996

Mr. David W. Cuddy
1900 Stanford Drive
Anchorage, Alaska 99508

Dear Mr. Cuddy:

This will respond to your two sworn complaints, filed with the Committee on July 21, 1996, and your correspondence to the Committee dated July 26, 1996 and July 31, 1996.

In your first complaint, you have alleged that Senator Stevens used official funds for campaign purposes. Your second complaint alleges that Senator Stevens converted campaign funds to his personal use. Your correspondence reiterates these allegations.

Senate Resolution 338, Section 2(a)(1) vests in the Committee the authority to

> receive complaints and investigate allegations of improper conduct which may reflect upon the Senate, violations of law, violations of the Senate Code of Official Conduct and violations of rules and regulations of the Senate, relating to the conduct of individuals in the performance of their duties as Members of the Senate or as officers or employees of the Senate, and to make appropriate findings of fact and conclusions with respect thereto.

In support of these allegations, you offer only information which is as consistent with innocence as with a violation, together with the suggestion and speculation that official disbursements were for improper campaign purposes or that campaign disbursements were for Senator Stevens' personal use. Senator Stevens responded to your complaints by providing explanatory information and citing relevant Senate rules governing his conduct (e.g. per diem moratorium and I.R. 442 standards) to refute each allegation in your complaints.

Having reviewed your complaints and the Senator's response thereto, and the correspondence you subsequently sent to the Committee, you have not provided the Committee with any facts or information to provide a reasonable basis for concluding that any

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violation or improper conduct has occurred. Moreover, the Committee's review process is not triggered by mere speculation that violations of Senate Rules may have occurred.

Under these circumstances, no further action is intended by the Committee with respect to these matters. In addition, we observe that the Committee looks with disfavor upon attempts to abuse its complaint process, particularly those which may arise in the course of a political campaign.

Sincerely,

Victor M. Baird
Staff Director
and Chief Counsel

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Fairbanks Daily News-Miner, Thursday, July 2

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Cuddy files ethics charges against Stevens

Challenger says senator misused campaign funds

By T.A. BADGER
Associated Press Writer

ANCHORAGE—Republican Senate candidate David Cuddy on Wednesday announced that he has filed three federal complaints against Sen. Ted Stevens, charging the senator with using campaign funds for his personal benefit.

The complaints also claim that Stevens paid some of his 1990 campaign workers out of his official Senate accounts, in violation of federal elections law.

Two complaints were filed with the Senate Select Committee on Ethics and one filed with the Federal Election Commission.

Cuddy asked for an investigation and said that if violations were substantiated, the Internal Revenue Service should be alerted and that Stevens should be ordered to repay his campaign with interest and penalties.

Stevens campaign officials immediately countered Cuddy's charges, calling it "a bumbling, nasty attack" to get attention prior to the Aug. 27 primary election. They said Cuddy should withdraw his claims and apologize to Stevens.

Stevens said in a written statement from Washington that he was "deeply disappointed by the outrageous personal attacks that have been leveled against me. My campaigns have always followed disclosure rules, and I'm careful to not use taxpayer funds for political purposes."

Tim McKeever, Stevens' campaign treasurer, said in some cases Cuddy was making false claims and that in other cases he seemed to be misreading Stevens campaign records.

"They hired an Outside mudslinger who misled Mr. Cuddy, and Mr. Cuddy is trying to mislead Alaskans," McKeever said.

Cuddy said his campaign gleaned its information by hiring Terry Cooper, a Virginia-based researcher, to pore over Stevens' federal elections filings. He acknowledged that while he believes in Cooper's discoveries, they didn't on their own constitute irrefutable evidence of wrongdoing.

"We know what the facts are — we're interested to know what the explanations are," he said at a news conference announcing his complaints. "There may be legitimate explanations."

One of Cuddy's filings included an itemized list of more than $200,000 in what he terms "questionable" campaign expenditures, most related to travel, lodging, meals, car rentals, fund-raising expenses and gifts.

Cuddy claims Stevens wrongly used campaign money to buy a $32,000 Lincoln Town Car in June 1991 for personal use, to rent vehicles during the Senate's summer recess, to buy more than $7,000 worth of food at stores in Washington, and to pay for a number of trips that didn't relate to campaigning.

He said the Lincoln was purchased along with a $20,400 vehicle bought for campaign use, but Stevens campaign treasurer Tim McKeever said Wednesday that Cuddy misread campaign documents.

McKeever said the $20,400 figure was actually money received by the Stevens campaign when it sold the Lincoln to a Washington, D.C., business. He provided a copy of a campaign filing that indicated the Stevens campaign received $20,400 from Michael Joy Corp. in December 1991 for "purchase of campaign vehicle."

Cooper admitted late Wednesday that he made a mistake in his accounting for the sale of the Lincoln, "but that doesn't shake one bit our contention that there likely was personal use of that car. The (1990) election was over — what the hell was he doing with a Lincoln Town Car?"

McKeever said that Stevens at times used the Lincoln for personal use, and that he reimbursed his campaign about $1,500 in January 1992 to cover those occasions.

The vehicles rented during the summers of 1991 and 1992-93 were used to transport Senate interns from Alaska who were working for Stevens in Washington, McKeever said. He said the campaign paid because the Senate doesn't reimburse for car rentals in the Washington area.

Cuddy hinted at a personal-use violation by charging that Stevens had his campaign pay for a car rental on New York's Long Island, which his filing termed "a popular vacation spot."

McKeever said the car was actually rented from an Avis Rent-A-Car outlet in Washington to transport Senate interns. He suggested that confusion arose from the fact that Avis' headquarters is in Garden City, N.Y., an industrial city on Long Island, just outside New York City.

The food purchases were allowable expenses for receptions and other Senate- and campaign-related entertainment at Stevens' home, McKeever said.

Cuddy alleged that Stevens improperly spent more than $[illegible],000 in Senate funds to send his Senate staffers to Alaska during the 1990 re-election campaign. He said these workers received about $40,000 in salaries, fees and expense reimbursements from campaign accounts, in addition to their regular Senate salaries.

Some of Stevens' full-time staffers worked on the 1990 campaign, McKeever said, but that work was paid out of campaign coffers, with their Senate salaries reduced to reflect their other tasks. He said that travel expenses can legally be paid out of Senate funds.

PAGE A-1

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Dave Cuddy

1900 Stanford Drive, Anchorage, Alaska 99508 Phone (907)278-0941

July 26, 1996

REGISTERED MAIL
RETURN RECEIPT REQUESTED

The Honorable Mitch McConnell, Chairman
Select Committee on Ethics
United States Senate
SH-220 Hart Building
Washington, D.C. 20510

Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

Dear Senator and Sirs:

On July 24, 1996 I filed separate but identical complaints with the Senate Select Committee on Ethics and the Federal Election Commission charging Senator Ted Stevens with diverting campaign funds to his personal use.

One of the examples I used (paragraph 5 of both complaints) concerned a Lincoln Town Car the Stevens campaign purchased on June 5, 1991. The complaints alleged:

"5. Example 1: Purchase of a Lincoln Town Car

"a. The Commission's regulations state that 'Personal use' includes use of campaign funds for 'vehicle expenses, unless they are a de minimis amount,' and that,

"'If a (campaign) committee uses campaign funds to pay expenses associated with a vehicle that is used for both personal activities beyond a de minimis amount and campaign or officeholder related activities, the portion of the vehicle expenses associated with the personal activities is personal use, unless the person(s) using the vehicle for personal activities reimburse(s) the campaign account within thirty days for the expenses associated with the personal activities' (11 C.F.R. Section 113.1(g)(1)(ii)(D)).

'b. The Stevens for Senate Committee reported that it paid Seekins Ford-Lincoln-Mercury $31,981.10 on June 5, 1991 for 'transportation.' That was separate and apart from the $20,400 it reported paying Michael Joy Corporation of Washington, D.C. for 'purchase of campaign vehicle' on December 26, 1991. It is my belief that the $31,981.10 was used to purchase the Lincoln Town Car that Senator Stevens and his family use for personal activities.

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"c. The Stevens for Senate Committee has not reported any reimbursements by Senator Stevens or his family for expenses associated with their personal use of that automobile."

I have learned that my complaints erred in one respect in that paragraph: Despite the fact that the Stevens campaign's FEC report described the purpose of the $20,400 as "Purchase of campaign vehicle," the transaction was a sale of the same Lincoln Town Car the Stevens campaign had purchased on June 5, 1991.

I apologize for my error.

Nevertheless, I still contend that Senator Ted Stevens used the Lincoln Town Car for personal as opposed to campaign purposes. After all, what conceivable need could he have for a campaign car when his next election was five or more years away and he raised less than $15,000 in all of 1991?

And I still request that you investigate the uses to which that vehicle was actually put besides transporting Senator Stevens and his family.

Respectfully,

David Cuddy

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Dave CUDDY
U.S. SENATE

555 W. Northern Lights Blvd. #101
Anchorage, AK 99503
(907) 277-3283
Fax: (907) 272-2010
E-mail: cuddy@alaska.net
Web Site: http://www.davecuddy.com

Dear friends,

In a campaign, you have to tell the truth. And I have told the truth, as documented by Ted's own campaign records filed with the Secretary of the Senate and the Federal Elections Commission.

I could not, in good conscience, look the other way at what I discovered about Ted Stevens.

In the days and weeks ahead we can expect to suffer some serious slings and arrows from Ted Stevens' camp. But our cause is just.

Myself, as well as my supporters, can expect to be called names and our reputations impugned. The news media will attack and smear us and not allow us to present our case impartially. So be it. The truth has a way of rising to the surface. It may take a while, probably long after this election is over, but I am confident the truth will get out about Ted Stevens.

The minute I pointed out Ted Stevens' record, he tried to divert attention from his apparent wrong-doing, and called it mud-slinging and then tried to figure out how to bully me and intimidate me by threatening to sue me.

I will not be intimidated. And I will continue to tell the truth and state the facts, just the facts - both here at home in Alaska and in the U.S. Senate.

And I share with you below the press release about my recent filing of ethics and FEC complaints against him:

ETHICS, FEC COMPLAINTS FILED AGAINST SENATOR TED STEVENS

Dave Cuddy stated today that he has filed three complaints -- two with the Senate Select Committee on Ethics and one with the Federal Election Commission -- charging Senator Ted Stevens (R-AK) with having violated federal laws and Senate rules.

Two of the complaints - identical complaints filed with the Senate Ethics Committee and the Federal Election Commission because they share jurisdiction over Senators'

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compliance with federal election laws - charge that Stevens and his campaign committee, the Stevens for Senate Committee, violated federal election law and Senate rules by converting campaign funds to Stevens' personal use. An 18-page appendix to the complaints lists hundreds of campaign disbursements that appear to be for Stevens' personal benefit. Examples cited in the complaints include the following:

> In addition to purchasing a $20,400 "campaign vehicle," the campaign bought a $32,000 Lincoln Town Car for Stevens' personal use.
>
> Around the times of the Senate's summer recesses in 1991, 1993, 1994 and 1995, the campaign paid thousands of dollars to companies in Washington, D.C. and Virginia to rent vehicles, including vans.
>
> Coincident with the Senate's 1992 summer recess, the campaign paid more than $1,200 to a Long Island company to rent a car.
>
> The campaign paid more than $7,000 to a supermarket and gourmet specialty food store in Washington, D.C. for "meals" or "food."
>
> And it financed Stevens' travel in 1991 to Honolulu, San Francisco and Key Largo, Florida.

The third complaint, filed with the Senate Ethics Committee, charges that in 1990, when he last faced re-election, Stevens misappropriated tens of thousands of dollars of official Senate funds - i.e., taxpayers' funds - in order to pay the salaries and expenses of more than 20 Senate staffers while they worked full-time on his campaign.

One Senate staffer, the complaint notes, received full-time salaries both from the Senate and from the campaign. Twenty three other Senate staffers were paid their full salaries by the Senate and "professional services" fees by the campaign.

The first two complaints ask the Senate Ethics Committee and the FEC to investigate the charges and if they determine that Stevens did convert campaign funds to his personal use, order Stevens to reimburse the campaign for those sums, with appropriate penalties and interest.

The third complaint asks the Ethics Committee to investigate and order Stevens to reimburse the Senate for any official funds it finds he misappropriated for his campaign, again with appropriate penalties and interest.

Cuddy is an Anchorage banker and a candidate for the Republican nomination for the U.S. Senate. "Initially," he said, "I intended not to file these complaints, just cite the information as additional reasons why the people of Alaska shouldn't re-elect Ted Stevens to the Senate.

"Two considerations changed my mind.

"The first was that I don't believe sitting Senators should minimize the seriousness of misconduct on the part of their colleagues. And if they shouldn't, then I, as a candidate for the Senate, shouldn't either.

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"The second consideration that changed my mind was that I really began to get angry and outraged at the notion that a Senator - particularly a Republican Senator, a former long-time member of the Senate Ethics Committee and a former chairman of the Senate Rules Committee that writes the federal election laws and the Senate's rules - would repeatedly and blatantly ignore laws and rules and even divert taxpayers' hard-earned dollars to further his re-election efforts.

In short, I think these charges are far too serious simply to be campaign material. I think they call for full investigation by the authorities and legal sanctions where appropriate."

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to: Michael
277 2473

555 W. Northern Lights Blvd. #101
Anchorage, AK 99503
(907) 277-3243
Fax: (907) 272-2010
E-mail: cuddy@alaska.net
Web Site: http://www.davecuddy.com

Dear Friends,

Our Anchorage campaign office will be hosting a critical informational meeting on Wednesday, July 31 at 5:30 at 555 West Northern Lights.

The topic will be the complaints I've filed against Sen. Ted Stevens with the Senate Ethics Committee and the Federal Elections Commission. Terry Cooper, our researcher from Washington, D.C., will be present to answer your questions and explain any of the complaints to you in more detail.

This is your chance to see and hear for yourself the truth, as reported by Ted's own campaign records. Don't allow the local media to trivialize this issue for you. Think for yourself. These complaints are serious.

I realize this is very short notice for many of you, but I hope that if you can attend this meeting, that you will.

With sincere appreciation,

Dave

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F

REPORT OF RECEIPTS AND DISBURSEMENTS

For An Authorized Committee
(Summary Page)

USE FEC MAILING LABEL OR TYPE OR PRINT

1. NAME OF COMMITTEE (in full): Stevens for Senate Committee

ADDRESS (number and street) ☐ Check if different than previously reported.
P.O. Box 100879

CITY, STATE and ZIP CODE: Anchorage, AK 99510-0879

STATE/DISTRICT

2. FEC IDENTIFICATION NUMBER: C00028316

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

4. TYPE OF REPORT

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

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

SUMMARY

	COLUMN A This Period	COLUMN B Calendar Year-to-Date
5. Covering Period 1/1/92 through 6/30/92		
6. Net Contributions (other than loans)		
(a) Total Contributions (other than loans) (from Line 11(e))	2,380.90	2,380.90
(b) Total Contribution Refunds (from Line 20(d))	1,000.00	1,000.00
(c) Net Contributions (other than loans) (subtract Line 6(b) from 6(a))	1,380.90	1,380.90
7. Net Operating Expenditures		
(a) Total Operating Expenditures (from Line 17)	40,203.17	40,203.17
(b) Total Offsets to Operating Expenditures (from Line 14)	4,261.95	4,261.95
(c) Net Operating Expenditures (subtract Line 7(b) from 7(a))	35,941.22	35,941.22
8. Cash on Hand at Close of Reporting Period (from Line 27)	72,863.68	
9. Debts and Obligations Owed TO the Committee (Itemize all on Schedule C and/or Schedule D)	0	
10. Debts and Obligations Owed BY the Committee (Itemize all on Schedule C and/or Schedule D)	0	

For further information contact:
Federal Election Commission
999 E Street, NW
Washington, DC 20463
Toll Free 800-424-9530
Local 202-376-3120

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: Timothy A. McKeever, Treasurer

EX B PG 1

Signature of Treasurer: Tim McKeever

Date: 7/31/92

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

FEC FORM 3
(revised 4/87)

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DETAILED SUMMARY PAGE

of Receipts and Disbursements

(Page 2, FEC FORM 3)

Name of Committee (in full): Stevens for Senate Committee

Report Covering the Period: From: 1/1/92 To: 6/30/92

I. RECEIPTS	COLUMN A Total This Period	COLUMN B Calendar Year-To-Date	
11. CONTRIBUTIONS (other than loans) FROM:			
(a) Individuals/Persons Other Than Political Committees			
(i) Itemized (use Schedule A)	250.00		11(a)(i)
(ii) Unitemized	130.90		11(a)(ii)
(iii) Total of contributions from individuals	380.90	380.90	11(a)(iii)
(b) Political Party Committees			11(b)
(c) Other Political Committees (such as PACs)	2,000.00	2,000.00	11(c)
(d) The Candidate			11(d)
(e) TOTAL CONTRIBUTIONS (other than loans)(add 11(a)(iii), (b), (c) and (d))	2,380.90	2,380.90	11(e)
12. TRANSFERS FROM OTHER AUTHORIZED COMMITTEES			12
13. LOANS:			
(a) Made or Guaranteed by the Candidate			13(a)
(b) All Other Loans			13(b)
(c) TOTAL LOANS (add 13(a) and (b))			13(c)
14. OFFSETS TO OPERATING EXPENDITURES (Refunds, Rebates, etc.)	4,261.95	4,261.95	14
15. OTHER RECEIPTS (Dividends, Interest, etc.)	1,854.59	1,854.59	15
16. TOTAL RECEIPTS (add 11(e), 12, 13(c), 14 and 15)	8,497.44	8,497.44	16
II. DISBURSEMENTS			
17. OPERATING EXPENDITURES	40,203.17	40,203.17	17
18. TRANSFERS TO OTHER AUTHORIZED COMMITTEES			18
19. LOAN REPAYMENTS:			
(a) Of Loans Made or Guaranteed by the Candidate			19(a)
(b) Of All Other Loans			19(b)
(c) TOTAL LOAN REPAYMENTS (add 19(a) and (b))			19(c)
20. REFUNDS OF CONTRIBUTIONS TO:			
(a) Individuals/Persons Other Than Political Committees			20(a)
(b) Political Party Committees			20(b)
(c) Other Political Committees (such as PACs)	1,000.00	1,000.00	20(c)
(d) TOTAL CONTRIBUTION REFUNDS (add 20(a), (b) and (c))	1,000.00	1,000.00	20(d)
21. OTHER DISBURSEMENTS	4,709.01	4,709.01	21
22. TOTAL DISBURSEMENTS (add 17, 18, 19(c), 20(d) and 21)	45,912.18	45,912.18	22

III. CASH SUMMARY

23. CASH ON HAND AT BEGINNING OF REPORTING PERIOD	$ 110,278.42	23
24. TOTAL RECEIPTS THIS PERIOD (from Line 16)	$ 8,497.44	24
25. SUBTOTAL (add Line 23 and Line 24)	$ 118,775.86	25
26. TOTAL DISBURSEMENTS THIS PERIOD (from Line 22)	$ 45,912.18	26
27. CASH ON HAND AT CLOSE OF THE REPORTING PERIOD (subtract Line 26 from 25)	$ 72,863.68	27

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EX B PG 2

SCHEDULE A **ITEMIZED RECEIPTS**

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

PAGE 1 OF 1

FOR LINE NUMBER 14

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): Stevens for Senate Committee

Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation	Date (month, day, year)	Amount of Each Receipt this Period
A. Rollins Burdick Hunter P.O. Box 107502 Anchorage, AK 99510-7502 Receipt For: [X] Primary [ ] General [ ] Other (specify):	Insurance Refund Occupation Aggregate Year-to-Date > $ 912.00	2/12/92 4/3/92	799.00 113.00
B. Howard W. Phillips & Co. 2555 Pennsylvania Ave., NW Washington, D.C. 20037 Receipt For: [X] Primary [ ] General [ ] Other (specify):	Insurance Refund Occupation Aggregate Year-to-Date > $ 1017.00	4/3/92	1017.00
C. Vernon Sales Promotion 6921 Brayton Drive Anchorage, AK 99507 Receipt For: [X] Primary [ ] General [ ] Other (specify):	Refund Occupation Aggregate Year-to-Date > $ 845.77	5/8/92	845.77
D. Ted Stevens P.O. Box 100879 Anchorage, AK 99510-0879 Receipt For: [ ] Primary [ ] General [ ] Other (specify):	Reimbursement/ transportation expenses Occupation Aggregate Year-to-Date > $ 1487.18	1/6/92	1487.18
E. Full Name, Mailing Address and ZIP Code Receipt For: [ ] Primary [ ] General [ ] Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > $	Date (month, day, year)	Amount of Each Receipt this Period
F. Full Name, Mailing Address and ZIP Code Receipt For: [ ] Primary [ ] General [ ] Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > $	Date (month, day, year)	Amount of Each Receipt this Period
G. Full Name, Mailing Address and ZIP Code Receipt For: [ ] Primary [ ] General [ ] Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > $	Date (month, day, year)	Amount of Each Receipt this Period

SW 3 PG 3

SUBTOTAL of Receipts This Page (optional) > 4,261.95

TOTAL This Period (last page this line number only) > 4,261.95

9704374003

UNITED STATES SENATE

SELECT COMMITTEE ON ETHICS

In the Matter of SENATOR TED STEVENS and the STEVENS FOR SENATE COMMITTEE, Respondents	:

AFFIDAVIT OF CELINE OPINSKY

STATE OF ALASKA)
: ss.
THIRD JUDICIAL DISTRICT)

CELINE OPINSKY, being first duly sworn, upon oath, deposes and states as follows:

1) I am a former employee of Senator Ted Stevens. I worked for him from January 1995 until July 1996. In addition, I served as a high school intern in his Washington D.C. office in the summer of 1993. I make this affidavit from personal knowledge.

2) In the summer of 1993, when I was an intern, the interns lived in dormitories at American University in Washington D.C. The interns were Alaskans who had graduated from high school in the spring of that year. In addition, we were supervised by two college interns, who were also from Alaska.

3) The college interns drove us to and from the Hart Senate Office Building in rented passenger vans. The vans also picked us up at the airport when we arrived and returned us to

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the airport at the end of our intern experience. The vans also took us to see various sights in the Washington D.C. area including the White House, Mount Vernon, Arlington Cemetery and other sites. Occasionally we would go out to dinner in the vans, go shopping or do other similar things. The vans took us to the Senator's house for various events as well. The vans also took us to visit other sites in the Washington area.

4) At no time during the time I was an intern did Senator Stevens or any member of his family make any personal use of the vans. The vans were used only by the interns and only for the purposes stated above.

5) I also worked in Senator Stevens office during the summer of 1994, 1995 and 1996. Each of those years vans were rented for interns and were used for basically the same things. Again to my knowledge Senator Stevens and his family never made use of the vans.

6) During the time that I was in Washington as an intern and as an employee Senator Stevens never used the vans for any personal use.

FURTHER YOUR AFFIANT SAYETH NAUGHT.

CELINE OFINSKY

SUBSCRIBED AND SWORN TO before me this 15th day of August, 1996.

Notary Public in and for Alaska
My Commission Expires: 3-19-97

OFFICIAL SEAL
STATE OF ALASKA
PATRICIA N. STEWART
NOTARY PUBLIC
My Comm. Expires March 19, 1997

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H

UNITED STATES SENATE

SELECT COMMITTEE ON ETHICS

In the Matter of SENATOR TED STEVENS and the STEVENS FOR SENATE COMMITTEE, Respondents	:

AFFIDAVIT OF MEGHAN MCKEEVER

STATE OF ALASKA)
: ss.
THIRD JUDICIAL DISTRICT)

MEGHAN MCKEEVER, being first duly sworn, upon oath, deposes and states as follows:

1) I served as a high school intern in Senator Stevens' Washington D.C. office in the summer of 1995. I make this affidavit from personal knowledge.

2) In the summer of 1995, when I was an intern, the interns lived in dormitories at American University in Washington D.C. The interns were Alaskans who had graduated from high school in the spring of that year. In addition, we were supervised by two college interns, who were also from Alaska.

3) The college interns drove us to and from the Hart Senate Office Building in a rented passenger van. The van also picked us up at the airport when we arrived and returned us to the airport at the end of our intern experience. The van also took us to see various sights in the Washington D.C. area

9704377400 6

including the White House, Mount Vernon, Arlington Cemetery and others. Occasionally we would take the van and go out to dinner, go shopping or do other similar things. The van took us to the Senator's house for breakfast on at least one occasion. After office hours we also went to a baseball game in Baltimore and we went on other outings.

4) At no time during the time I was an intern did Senator Stevens or any member of his family make any personal use of the van. The van was used only by the interns and only for the purposes stated above.

FURTHER YOUR AFFIANT SAYETH NAUGHT.

MEGHAN MCKEEVER

SUBSCRIBED AND SWORN TO before me this 31st day of July, 1996.

Notary Public in and for Alaska
My Commission Expires: 9/12/98

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I

UNITED STATES SENATE

SELECT COMMITTEE ON ETHICS

In the Matter of SENATOR TED STEVENS and the STEVENS FOR SENATE COMMITTEE, Respondents	:

AFFIDAVIT OF TONYA MEEHAN

STATE OF ALASKA)
: ss.
THIRD JUDICIAL DISTRICT)

TONYA MEEHAN, being first duly sworn, upon oath, deposes and states as follows:

1) I served as a high school intern in Senator Stevens' Washington D.C. office in the summer of 1995. I make this affidavit from personal knowledge.

2) In the summer of 1995, when I was an intern, the interns lived in dormitories at American University in Washington D.C. The interns were Alaskans who had graduated from high school in the spring of that year. In addition, we were supervised by two college interns, who were also from Alaska.

3) The college interns drove us to and from the Hart Senate Office Building in rented passenger van. The van also picked us up at the airport when we arrived and returned us to the airport at the end of our intern experience. The van also took us to see various sights in the Washington D.C. area

9704437408

including the White House, Mount Vernon, Arlington Cemetery and others. Occasionally we would go out to dinner in the van, go shopping or do other similar things. The van took us to the Senator's house for various events as well. After office hours we also went to a baseball game in Baltimore and we went on other outings.

4) At no time during the time I was an intern did Senator Stevens or any member of his family make any personal use of the van. The van was used only by the interns and only for the purposes stated above.

FURTHER YOUR AFFIANT SAYETH NAUGHT.

Tonya Meehan
TONYA MEEHAN

SUBSCRIBED AND SWORN TO before me this 31 day of July, 1996.

Notary Public in and for Alaska
My Commission Expires: 9/12/98

9704377 4009

CUD: Charge Backup

J

C2

AVIS.
Licensee

Alaska Rent A Car, Inc.
P.O. Box 190028
Anchorage, Alaska 99519-0028
Telephone: (907) 243-4300
Fax: (907) 249-8247

July 26, 1996

Dear Editor:

I believe the voters of Alaska deserve the truth about a recent allegation made against Senator Ted Stevens.

The allegation that Senator Stevens used campaign funds to rent a vehicle for personal use at the "resort" town of Garden City, New York, is not only inaccurate, but impossible.

Garden City is a small town on Long Island that is twenty miles from the nearest airport. Having recently traveled there on business I can assure you that it is the farthest thing from a "resort" town, but more importantly AVIS doesn't even operate a rental location there.

What is in Garden City is the AVIS Worldwide Headquarters. This is where all billings originate from when AVIS vehicles are rented from Corporate locations in the United States such as Washington, D.C.

The fact is Senator Stevens used campaign funds to rent a van from AVIS in Washington, D.C., to help transport his summer interns, recent Alaskan high school graduates from their dorms to his office. The subsequent billing was processed and sent out from our Corporate Headquarters in Garden City, New York.

So there it is, no illegal use of campaign funds, no Senator renting a vehicle while relaxing in a "resort" town, just a false accusation that could have easily been avoided by taking the time to seek the truth.

Sincerely,

Andrew J. Halcro
Director
AVIS RENT A CAR

:cm

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K

Wednesday, July 24

To: Lisa

From: Steve

Subject: Senator Stevens January, 1992 Pacific/Hawaii Trip

You and Senator Inouye travelled from January 2-16 visiting CINCPAC, AUSTRALIA, INDONESIA, HONG KONG and TAIWAN.

At the end of the trip, you spent two days in Hawaii, including meetings with Adm. Larson, CINCPAC; Gen. Tom Fields, Deputy CINCPAC; and other military officials.

The dinner on January 15, at Hy's Steakhouse, included myself, Richard Collins, and the two Air Force Liaison officers--Col. George Stringer and Lt. Col. Dennis Balkham.

Key issues addressed during the meetings included: Funding for new Elmendorf medical center, relocation of COPE THUNDER training to Eielson AFB, follow-up on 1991 Base Closure evaluation of Alaska bases.

9704377401 1

UNITED STATES SENATE

SELECT COMMITTEE ON ETHICS

In the Matter of

SENATOR TED STEVENS and
the STEVENS FOR SENATE
COMMITTEE,

Respondents

AFFIDAVIT OF LISA J. SUTHERLAND

DISTRICT OF COLUMBIA

LISA SUTHERLAND, being duly sworn, upon oath, deposes and states as follows:

1) I have been a resident of Alaska since 1961 and have worked for Senator Ted Stevens since 1981.

2) In August, 1990 I served as a Legislative Assistant to Senator Stevens handling energy issues including oil and gas development. President Bush was developing a national energy strategy in 1990 and was considering the role development of the Arctic National Wildlife Refuge would play. Senator Stevens urged the Administration to hold hearings in Alaska, specifically Fairbanks, Alaska.

3) I worked with the Department of Energy on the hearings, and flew to Alaska to assist them in Fairbanks. I also was present to staff Senator Stevens who was scheduled to testify at the hearings.

4) Secretary of Health and Human Services Sullivan agreed to come to Alaska at Senator Stevens' request to hold meetings on drug and alcohol abuse in our state and help us develop ways to combat

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it more effectively. I worked with Secretary Sullivan's staff on the conference and also helped with it in Alaska.

5) I volunteered to work for the campaign while I was on vacation in Ocean City, Maryland. I took one week of annual leave, and my husband and I rented a house on a bay in Ocean City. During my vacation I prepared an analysis of Senator Stevens' voting record to be used during the campaign. I did not conduct this work in Alaska or in the Senate office.

6) I currently serve as Senator Stevens' chief of staff. The professional staff under my supervision typically work 12 hours a day or more depending on the Senate schedule, and often work weekends. It is not uncommon for staff members to spend the night working in the office the day before a hearing or mark-up session on legislation affecting Alaska and then work through the following day.

7) When Senator Stevens holds functions at his home for visiting Alaskans or government officials, he typically brings the left-overs into the office the following day. We use the left-overs for staff lunches and evening meals for staff who work late.

FURTHER YOUR AFFIANT SAYETH NAUGHT.

Lisa J. Sutherland
LISA SUTHERLAND

SUBSCRIBED AND SWORN TO before me this 2nd day of August, 1996.

Notary Public in and for D.C.
My commission expires: _____
My Commission Expires
January 31, 1999

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M

Federal Election Commission

Washington DC 20463

In the Matter of SENATOR TED STEVENS the STEVENS FOR SENATE COMMITTEE, Respondents	:

MUR 4415

AFFIDAVIT OF TIMOTHY MCKEEVER

STATE OF ALASKA)
: ss.
THIRD JUDICIAL DISTRICT)

TIMOTHY MCKEEVER, being first duly sworn, upon oath, deposes and states as follows:

1) I am an attorney and have served as the Treasurer of the Stevens for Senate Committee (the Committee) since 1981.

2) For several years the Committee has rented a van or vans during June and July to be used by the summer interns in the Senator's Washington office. The van is used to transport the interns to and from work and on various other excursions and trips. The Committee has rented the van to provide greater security for the interns who are all recent graduates of high schools around Alaska. The Committee rented such vans in the summers of 1991, 1992, 1993, 1994, 1995 and 1996.

3) In the Summer of 1991 the Committee used campaign funds which were surplus after the 1990 campaign to purchase a car for use in Washington for officially connected and political

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purposes. The Committee paid what we understood to be fair market value for the car. That car was to be used to transport the Senator to official meetings and to political events and meetings. It was also used to transport Alaskans who visited Washington DC.

4) In December of 1991 the Committee sold the car to the Michael Joy Corporation for what we understood to be the fair market value of the car as determined by reference to classified ads and listings of used car values. These transactions were reported on Federal Election Committee reports and I have copies of all the relevant documents concerning these transactions in the files of the committee.

5) Shortly thereafter, in January 1992 the Committee received a check from Senator Stevens to reimburse the Committee for the value of any personal use made by the Senator or his family. The value of the personal use was determined by obtaining six estimates of the commercial lease cost for such a vehicle in Washington, averaging those and multiplying that number by a generous estimate of the amount of use of the car for "personal use." The check from the Senator included interest at an annual rate of 6% on the value of the "personal use". Again the Committee has documentation supporting this transaction.

6) In addition, in early 1991 the campaign used surplus funds to recognize various campaign staffers and volunteers. One volunteer received a trip to Hawaii for herself

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and her husband for the extraordinary effort she put in. A campaign staff person received a trip to Arizona. These expenses were in the nature of bonuses or incentive awards for extra work. The expenses they incurred are among those paid by the Committee which Mr Cuddy complains were personal use by the Senator. We have copies of the relevant receipts and other documentation supporting these expenses.

7) I attended the press conference held by Mr. Cuddy on July 24, 1996 when he made his charges. During that press conference he admitted that he had been aware of the information which formed the basis of his allegations in May of 1996.

FURTHER YOUR AFFIANT SAYETH NAUGHT.

TIMOTHY MCKEEVER

SUBSCRIBED AND SWORN TO before me this 12th day of August, 1996.

Notary Public in and for Alaska
My Commission Expires: 10/19/97

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LINDA J. DURR NOTARY PUBLIC STATE OF ALASKA

9704377401 6

STATEMENT OF DESIGNATION OF COUNSEL

MUR 4415

NAME OF COUNSEL: Timothy A. McKeever

ADDRESS: 550 W. 7th Ave #1000
Anchorage AK 99501

TELEPHONE: ~~[illegible]~~ 907-274-0666

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.

Ted Stevens

8/22/96
Date

Signature
for him says
AS Treasurer
Stevens for Senate Committee for Commander
Senator Ted Stevens

RESPONDENT'S NAME: Timothy A McKeever

ADDRESS: PO Box 100879
Anchorage AK 99501

HOME PHONE:

BUSINESS PHONE: 907-274-0666

9704377401 7

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
AUG 23 1 01 PM '96

Dave Cuddy

1900 Stanford Drive, Anchorage, Alaska, 99508, Phone (907)278-0941

August 19, 1996

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

AUG 27 11 41 AM '96

REGISTERED MAIL
RETURN RECEIPT REQUESTED

Office of the General Counsel
Federal Election Commission
Washington, D.C. 290463

MUR 4415

Dear Sirs:

On July 24, 1996 I filed separate but identical complaints with the Senate Select Committee on Ethics and this Commission charging Senator Ted Stevens with diverting campaign funds to his personal use.

Senator Stevens responded to the Ethics Committee complaint and I have seen and reviewed his response. Since it is likely that he has made or will make a similar response to you, I will review for you my analysis of his response.

1. 1991 Travel. In paragraph 10 of my complaint I challenged the propriety of Senator Stevens charging his campaign for 1991 trips to San Francisco and Key Largo, Florida.

Senator Stevens purported to discuss those trips in his response to the Senate Ethics Committee as follows:

> "I did travel to Florida on April 1, 1991 and the cost of this trip was paid for by my campaign committee. The purpose of this trip was to make a speech to senior management of Pratt & Whitney as well as United Technologies, two groups that had previously made contributions to my campaign. Contrary to Mr. Cuddy's allegation that this was a personal trip, the fact is that it was a campaign related trip.
>
> "From Florida, I flew to San Francisco to Tuesday, April 2, 1991 to make remarks to 50 major donors to Chevron's Political Action Committee, another group that has made a contribution to my campaign, contrary to Mr. Cuddy's allegation. Chevron is a major oil company and was involved in oil and gas development in Alaska, but headquartered in San Francisco. later I met with Chevron's top executives including Will Price, President of Chevron. I did not charge the taxpayers for either the Florida of the California legs of the trip; instead, my campaign paid the cost.
>
> "From San Francisco I flew on to Alaska to meet with the Governor and to make my annual address to the Alaska State Legislature in Juneau."

Senator Stevens' own official records contradict that explanation.

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Senator Stevens' financial disclosure for 1991 (copy attached) shows

(1) that the April 1-2 trip to which he referred wasn't to Key Largo, Florida but to West Palm Beach (they're hundreds of miles apart);

(2) That following his April 2-3 trip to San Francisco he didn't go to Alaska but returned to Washington D.C.;

(3) that United Technologies paid for Senator Stevens' airfare, lodging and meals on his April 1-2 trip to West Palm Beach;

And that Chevron paid for his airfare, lodging and meals on his April 2-3 trip from Florida to San Francisco and back to Washington, D.C.

In addition,

(5) His FEC reports for 1991 do not show that he, United Technologies of Chevron reimbursed his campaign for the cost of any travel to Florida or California.

Clearly, those trips require this Commission's close scrutiny.

2. Household Food Items. In paragraph 8 of my complaint I challenged the propriety of Senator Stevens having his campaign pay for the more that $7000 for "meals" or "food" purchased from Safeway Stores and Sutton Place Gourmet.

In his response to the Senate Ethics Committee, Senator Stevens said he has hosted some campaign events in his home, but he also admitted that some of the food he charged to his campaign was used at "gatherings in our home: such as "hosting groups of Alaskans who are visiting, having office parties at the house, having the interns come to the house and having other public official, including other members of the Senate to our home."

As I read the governing regulation (11 C.F.R Section 113.1(g)(1)(I)(A)) and this Commission's Explanation and Justification of it, the use of campaign funds to buy food for household use at social gatherings -- no matter who was being entertained -- is impermissible.

This Commission's Explanation and Justification flatly states that

> "(T)he use of campaign funds for household food items and supplies is personal use. This provision covers any food purchased for day to day consumption in the home . . . . The need for these items would exist irrespective of the candidate's campaign of duties as a Federal officeholder. Therefore, the Commission regards them as inherently personal and subject to the personal use ban" (Federal Register, Feb. 9, 1995, page 7864; emphasis added).

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The only exception this Commission made for food purchased for in-home consumption was when the food was purchased "for use in fundraising activities" for other related campaign activities:

"However, this provision would not prohibit the purchase of food or supplies for use in fundraising activities, even if the fundraising activities take place in the candidate's home. Items obtained for fundraising activities are not household items within the meaning of this provision. Similarly, refreshments for a campaign meeting would not be covered by this paragraph" (ibid.).

When Senator Stevens stated that some of the food was purchased for "hosting groups of Alaskans who are visiting, having office parties at the house, having the interns come to the house and having other public officials, including other members of the Senate to our home," I believe he admitted that at least some of his household food charges to his campaign violated this Commissions regulations.

3. Purchase of a Lincoln Town Car. In paragraph 5 of my complaint I challenged the propriety of Senator Stevens having his campaign pay $31,981.10 to buy a Lincoln town Car in April 1991.

In his response to the Senate Ethics Committee, Senator Stevens said his campaign sold the Town Car for $20,400 in December 1991. He told the Ethics Committee that he did make personal use of the Town Car but claims that he reimbursed the campaign for that use by paying it $1,487.18 on January 6, 1992.

You will note that Senator Stevens' reimbursement accounted for only 13 percent of what his campaign lost on the sale of the Town Car. Unless his personal use of the Town car accounted for only 13 percent of its total use, I believe there is a substantial question as to whether the amount of his reimbursement was adequate.

There is also a substantial question as to whether the timing of the reimbursement complied with this Commission's regulations, which require that reimbursements be made within 30 days (11 C.F.R. Section 113.1 (g)(1)(ii)(D)).

4. Chevron USA Charges. In the list of "questionable campaign expenditures" I attached as Appendix A to my complaint and asked this Commission to investigate, I listed 1991 payments to Chevron USA totaling $2,689.61 for "auto expense" and "transportation expense."

Senator Stevens said nothing in his response to the Senate Ethics Committee to justify those payments. Nor do I see how they could be justified. Even if one gives Senator Stevens the benefit of generous assumptions that he paid $1.50 for every gallon of gas and that his car(s) got only 15 miles to the gallon, one would still reach the conclusion that he traveled 26,896 miles on campaign or official business -- presumably in and around Washington D.C., for he had no Alaska campaign staff in 1991 -- in just 11 months of a non-election year. I believe that is on its face highly improbable.

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Much of Senator Stevens' response to the Senate Ethics Committee was a totally conclusory and entirely unsupported assertion that he and his campaign had complied with the law. I believe that in this letter I have shown that real holes exist in some of his explanations. I renew my request that this Commission investigate all the questionable expenditures his campaign made in 1991-96.

Respectfully,

David Cuddy

97043774021

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Name of Individual	PART VI. REIMBURSEMENTS	Part Not Applicable File in New Employer/Candidate ☐	Page Number
TED STEVENS			9

Report travel related expenses aggregating $250 or more in value provided in connection with a speaking engagement, fact-finding event, or other event where services are provided by the reporting individual, received by you, your spouse, or your dependent child, from each source during the reporting period. Disclosure is required regardless of whether these expenses were reimbursed to the individual or paid directly by the sponsoring organization. A description of the itinerary and the nature of expenses is required. If you are reimbursed for more than one trip from the same sponsor (and the trips added together are worth $250 or more), then you must report each trip individually even if the reimbursement for each separate trip does not equal $250 or more.

Exclude: travel related expenses provided by federal, state, D.C., and local governments; or by a foreign government; reimbursements from campaign funds; and reimbursements to a spouse or dependent child totally independent of his or her relationship to you. For further information, see instructions.

None ☐

Source (Name and Address)	Dates and Brief Description
Example: All Skills Company Waterboro, TX	Roundtrip air travel from Washington, DC to Waterboro, TX and lunch for self and spouse for speaking engagement: May 1, 200X
Natl Telephone Cooperative Wash, DC	Roundtrip airfare from Wash, D.C. to San Diego, Ca, lodging & meals for self 2/9-2/11
United Technologies East Hartford, Conn	Airfare from Wash, D.C. to West Palm Beach, Fla lodging & meals for self 4/1-4/2
Chevron San Francisco, Ca.	Airfare from Florida to San Francisco, Ca to Wash, D.C. lodging & meals for self 4/2-4/3
Natl. Association of Broadcasters Wash, D.C.	Roundtrip airfare from Wash, D.C. to Las Vegas, Nevada lodging & meals for self 4/14-4/15
Natl Public Radio Wash, D.C.	Roundtrip airfare from Wash, D.C. to New Orleans, La for self 5/17
Alaska Oil & Gas Association Anchorage, Ak	Helicopter tour of Prudhoe Bay and other sites on the North Slope of Alaska for self 8/7

Previous Editions Cannot Be Used

Revised 2000

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FEDERAL ELECTION COMMISSION
Washington, DC 20463

August 26, 1996

Dave Cuddy
1900 Stanford Drive
Anchorage, AK 99508

RE: MUR 4415

Dear Mr. Cuddy

This letter acknowledges receipt on August 21, 1996, of the supplement to the complaint you filed on July 25, 1996. The respondents will be sent copies of the supplement. You will be notified as soon as the Federal Election Commission takes final action on your complaint.

Sincerely,

Colleen T. Sealander, Attorney
Central Enforcement Docket

9704374023

FEDERAL ELECTION COMMISSION
Washington, DC 20463

August 26, 1996

Timothy A. McKeever, Treasurer
Stevens for Senate Committee
550 W. 7th Ave., Suite 1000
Anchorage, AK 99501

RE: MUR 4415
Stevens for Senate Committee and
Timothy A. McKeever, Treasurer
The Honorable Theodore F. Stevens

Dear Mr. McKeever:

On July 26, 1996, Senator Ted Stevens and the Stevens for Senate Committee and you, as treasurer, were notified that the Federal Election Commission received a complaint from Dave Cuddy alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. At that time Senator Stevens and you were given a copy of the complaint and informed that a response to the complaint should be submitted within 15 days of receipt of the notification.

On August 20, 1996, the Commission received additional information from the complainant pertaining to the allegations in the complaint. Enclosed is a copy of this additional information.

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

Sincerely,

Colleen T. Sealander, Attorney
Central Enforcement Docket

9704374024

Dave Cuddy

1900 Stanford Drive, Anchorage, Alaska 99508 Phone (907)278-0941

July 26, 1996

REGISTERED MAIL
RETURN RECEIPT REQUESTED

The Honorable Mitch McConnell, Chairman
Select Committee on Ethics
United States Senate
SH-220 Hart Building
Washington, D.C. 20510

MUR 4415

AUG 28 12 05 PM '96
RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

Office of the General Counsel
Federal Election Commission
Washington. D.C. 20463

9704374025

Dear Senator and Sirs:

On July 24, 1996 I filed separate but identical complaints with the Senate Select Committee on Ethics and the Federal Election Commission charging Senator Ted Stevens with diverting campaign funds to his personal use.

One of the examples I used (paragraph 5 of both complaints) concerned a Lincoln Town Car the Stevens campaign purchased on June 5, 1991. The complaints alleged:

> "5. Example 1: Purchase of a Lincoln Town Car
> "a. The Commission's regulations state that 'Personal use' includes use of campaign funds for 'vehicle expenses, unless they are a de minimis amount,' and that,
>
> "'If a (campaign) committee uses campaign funds to pay expenses associated with a vehicle that is used for both personal activities beyond a de minimis amount and campaign or officeholder related activities, the portion of the vehicle expenses associated with the personal activities is personal use, unless the person(s) using the vehicle for personal activities reimburse(s) the campaign account within thirty days for the expenses associated with the personal activities' (11 C.F.R. Section 113.1(g)(1)(ii)(D)).
>
> 'b. The Stevens for Senate Committee reported that it paid Seekins Ford-Lincoln-Mercury $31,981.10 on June 5, 1991 for 'transportation.' That was separate and apart from the $20,400 it reported paying Michael Joy Corporation of Washington, D.C. for 'purchase of campaign vehicle' on December 26, 1991. It is my belief that the $31,981.10 was used to purchase the Lincoln Town Car that Senator Stevens and his family use for personal activities.

"c. The Stevens for Senate Committee has not reported any reimbursements by Senator Stevens or his family for expenses associated with their personal use of that automobile."

I have learned that my complaints erred in one respect in that paragraph: Despite the fact that the Stevens campaign's FEC report described the purpose of the $20,400 as "Purchase of campaign vehicle," the transaction was a sale of the same Lincoln Town Car the Stevens campaign had purchased on June 5, 1991.

I apologize for my error.

Nevertheless, I still contend that Senator Ted Stevens used the Lincoln Town Car for personal as opposed to campaign purposes. After all, what conceivable need could he have for a campaign car when his next election was five or more years away and he raised less than $15,000 in all of 1991?

And I still request that you investigate the uses to which that vehicle was actually put besides transporting Senator Stevens and his family.

Respectfully,

David Cuddy

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 29, 1996

Dave Cuddy
1900 Stanford Drive
Anchorage, AK 99508

RE: MUR 4415

Dear Mr. Cuddy

This letter acknowledges receipt on August 28, 1996, of the supplement to the complaint you filed on July 24, 1996. The respondents will be sent copies of the supplement. You will be notified as soon as the Federal Election Commission takes final action on your complaint.

Sincerely,

Colleen T. Sealander by mas

Colleen T. Sealander, Attorney
Central Enforcement Docket

9704377402 7

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 29, 1996

Timothy A. McKeever, Treasurer
Stevens for Senate Committee
550 W. 7th Ave., Suite 1000
Anchorage, AK 99501

RE: MUR 4415
Stevens for Senate Committee and
Timothy A. McKeever, Treasurer
The Honorable Theodore F. Stevens

Dear Mr. McKeever:

On July 26, 1996, Senator Ted Stevens and the Stevens for Senate Committee and you, as treasurer, were notified that the Federal Election Commission received a complaint from Dave Cuddy alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. At that time Senator Stevens and you were given a copy of the complaint and informed that a response to the complaint should be submitted within 15 days of receipt of the notification.

On August 28, 1996, the Commission received additional information from the complainant pertaining to the allegations in the complaint. Enclosed is a copy of this additional information.

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

Sincerely,

Colleen T. Sealander by MB

Colleen T. Sealander, Attorney
Central Enforcement Docket

Celebrating the Commission's 20th Anniversary

YESTERDAY, TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

9704377402 8

LAW OFFICES OF
FAULKNER, BANFIELD, DOOGAN & HOLMES
A PROFESSIONAL CORPORATION

JUNEAU OFFICE
302 GOLD STREET
JUNEAU, ALASKA 99801
(907) 586-2210

550 W. 7TH AVENUE
SUITE 1000
ANCHORAGE, ALASKA 99501-3510
(907) 274-0666
TELECOPIER: (907) 277-4657

SEATTLE OFFICE
FIRST INTERSTATE CENTER
999 THIRD AVENUE, SUITE 2600
SEATTLE, WASHINGTON 98104
(206) 292-8008

PLEASE REPLY TO ANCHORAGE OFFICE

September 10, 1996

SEP 16 10 45 AM '96
RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

Colleen T. Sealander
Central Enforcement Docket
Federal Election Commission
Washington D.C. 20463

RE: Stevens for Senate Committee (MUR 4415)
Our File No.: 391-12451 A2 (FEC Complaint)

Dear Ms. Sealander:

I have your letter of August 26, 1996 enclosing an August 19, 1996 letter from David Cuddy and I have your August 29, 1996 letter enclosing a July 26, 1996 letter from Mr. Cuddy. The Stevens for Senate Committee, myself and Senator Stevens have all responded to the July 26th letter from the Commission notifying us that the Commission had received a complaint from Mr. Cuddy.

It appears to me that Mr. Cuddy's July 26, 1996 letter merely corrects an error that Mr. Cuddy acknowledges in his initial complaint. No further response to that letter would be warranted.

The August 19, 1996 letter provides further details to charges previously made by Mr. Cuddy, but does not constitute a specific complaint. In particular, Mr. Cuddy's August 19, 1996 letter is not sworn to and was not signed in the presence of a notary public and was not notarized. It, therefore, appears that it is not a complaint under the provisions of 11 CFR 111.4(b)(2). Therefore, it would not appear to include material which the Commission can address.

If the Commission staff is going to consider the substance of Mr. Cuddy's August 19, 1996 letter, please let me know so that I may provide the Commission with additional information demonstrating that the allegations in Mr. Cuddy's August 19, 1996 letter are as incorrect as the allegations in his original complaint.

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Please advise me if the Commission intends to consider Mr. Cuddy's August 19th letter as either a complaint or an addendum to the previous complaint.

Sincerely,

Timothy A. McKeever

TAM:ps
ps G:\391\1513\CORR\SEALANDE.910

9704377403C

LAW OFFICES OF
FAULKNER, BANFIELD, DOOGAN & HOLMES
A PROFESSIONAL CORPORATION

JUNEAU OFFICE
302 GOLD STREET
JUNEAU, ALASKA 99801
(907) 586-2210

550 W. 7TH AVENUE
SUITE 1000
ANCHORAGE, ALASKA 99501-3510
(907) 274-0666
TELECOPIER: (907) 277-4657

SEATTLE OFFICE
FIRST INTERSTATE CENTER
999 THIRD AVENUE, SUITE 2800
SEATTLE, WASHINGTON 98104
(206) 292-8008

PLEASE REPLY TO ANCHORAGE OFFICE

DEC 23 2 34 PM '96
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COMMISSION
OFFICE OF GENERAL
COUNSEL

December 16, 1996

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

RE: Stevens for Senate Committee
MUR 4415
Our File No.: 391-12451

Dear Mr. Kline:

I received Ms. Sealander's letter of August 26, 1996 enclosing an August 19, 1996 letter from David Cuddy and her August 29, 1996 letter enclosing a July 26, 1996 letter from Mr. Cuddy. It is my understanding, based on a telephone conversation with you on September 24, 1996, that the Commission and its staff may consider the material in the two letters from Mr. Cuddy even though the letters do not comply with the Commission's regulations concerning complaints. See 11 CFR 111.4.

In light of that fact, the Stevens for Senate Committee (hereafter the "Committee"), Senator Ted Stevens and myself as Treasurer of the Committee wish to provide you with the following additional information in response to those two letters. I regret that we did not respond sooner. Senator Stevens was a candidate in the November 5, 1996 general election and, therefore, our resources were committed until this time. Since we have heard nothing further from the Commission staff, we assume this response will be considered in its review of this matter.

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As was the case with the initial complaint, Mr. Cuddy, in these two letters, provides absolutely no evidence of wrongdoing. He provides no facts to support his conjecture. Since he has provided no evidence supporting his allegations, his complaint and the suggestions made in these two letters should be dismissed by the Commission.

Response to Cuddy Letter of July 26, 1996

Mr. Cuddy's July 26, 1996 letter corrects an error that was in Mr. Cuddy's initial complaint. In our August 12, 1996 letter to Ms. Sealander and the attached Detailed Response to Complaint Filed by David Cuddy, Republican Candidate for United States Senate (hereafter "Detailed Response") on page 4 at footnote 2, we mentioned that we understood that Mr. Cuddy's researcher had admitted the original complaint was mistaken. Mr. Cuddy's letter of July 26th confirms that mistake in his original complaint when he asserted in paragraph 5 that the Committee paid $20,400.00 for a campaign vehicle. The Cuddy letter recognizes that instead, the Committee sold the 1991 Lincoln for that price.

Mr. Cuddy, however, goes on to assert that the 1991 Lincoln was used for personal use in violation of the Federal Election Campaign Act. He is mistaken. As pointed out in the Detailed Response beginning on page 3, the Commission has repeatedly found that a campaign may purchase a vehicle for travel relating to campaign and officially connected duties by the candidate and Committee. And, the Senate Ethics Committee has ruled that a campaign vehicle can be used for official business and personal use if the campaign is reimbursed for the personal use.

Here, the car was used by the Senator to attend political events benefiting himself and other candidates, to attend officially connected meetings and to get to the airport for officially connected travel. It was also used to transport Alaskans, including some campaign supporters, around Washington. The car was used for campaign/political use, for officially connected use and for limited personal use for which the Committee was reimbursed with interest. Such use is consistent with previous advisory opinions of the Commission and the rulings of the Senate Ethics Committee. Mr. Cuddy offers absolutely no proof of his allegations, but simply makes unfounded and unsubstantiated accusations which reflect both a misunderstanding of the Commission's precedents and the facts.

Response to Cuddy Letter of August 19, 1996

Mr. Cuddy's letter of August 19, 1996 raises several issues. First, we admit that Senator Stevens' reply to the Ethics Committee was in error when it asserted

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that the Committee paid for political travel in 1991 to Florida and San Francisco. The Senator's response to the Ethics Committee was prepared hurriedly during a very intense campaign in an effort to lay to rest the allegations made by Mr. Cuddy. When he realized that this small portion of his explanation was incorrect (and before having a copy of Mr. Cuddy's August 19, 1995 letter), Senator Stevens wrote to the Ethics Committee and corrected his response. (See Exhibit A). The Ethics Committee took no action after receiving the Senator's letter of correction and, therefore, its August 9, 1996 letter finding no basis for Mr. Cuddy's charges still stands.

The Detailed Response did not include the error and is correct when it states that the Committee did not pay for Senator Stevens to travel to Hawaii, Florida or Arizona in 1991. (Page 8). Inasmuch as the Committee did not pay for the travel Mr. Cuddy complains about, there is nothing that suggests that the trips to Florida and California fall within the Commission's jurisdiction, were personal use of campaign funds or otherwise are an appropriate subject for investigation by the Commission. Nor is there anything that suggests those trips violated any Senate Rule or federal law. There is no basis for Mr. Cuddy's request that the Commission investigate those trips.

Second, the August 19, 1996 letter also claims that it is improper for the campaign to purchase food for use at campaign or officially connected events which are held at the Senator's home. The only authority cited for this proposition is a set of regulations adopted by the Commission in 1995, years after most of the expenses at issue here occurred. In the 1995 rulemaking the Commission drew a general distinction between expenses based on whether they would exist regardless of the candidate's status as either a federal officeholder or candidate. Personal use is defined as "any use of campaign funds... to fulfill a commitment, obligation or expense of any person that would exist irrespective of the candidate's campaign or duties as a Federal officeholder." 11 CFR 113.1. The clear meaning of those regulations is that the use of campaign funds to pay for expenses which exist because of a person's candidacy or status as a federal officer holder is not personal use.

The rules are clear that campaign funds cannot be used to purchase household food items and supplies, but that prohibition covers only "any food purchased for day to day consumption in the home and any supplies purchased for use in maintaining the household" because "the need for these items would exist irrespective of the candidate's campaign or duties as a federal officeholder." 60 Fed. Reg 7864. (February 9, 1995).

Mr. Cuddy asks the Commission to determine that any purchase of any food item for a social gathering at home is a personal use. This is inconsistent with the

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regulations and the explanation of the regulation. As noted in the Detailed Response, the Committee has provided food items in connection with fundraising events at the Senator's home for his campaign and campaigns supporting other candidates. It has provided food and meals for campaign meetings at the Senator's home and provided food items in connection with gatherings of official office staff, interns and similar groups at his home. The costs of fundraisers and campaign gatherings would not exist but for the Senator's (or other candidates') roles as candidates. The need to entertain staff and interns would not exist but for the Senator's role as a federal officeholder. The Committee has also provided funds for the Senator to entertain groups of Alaskans and other federal officeholders at his home--another commitment which would not exist but for his role as a candidate and federal officeholder. The Committee has purchased food and refreshments for guests at the Senator's official offices--again an expense which would not exist but for his role as a federal officeholder.

Mr. Cuddy offers no evidence that the Committee has ever purchased food for the Stevens' family's "day to day consumption in the home" or use "in maintaining the household." Even the "leftovers" from the legitimate events at the house are not left for the family. (See Exhibit L to Detailed Response.) The Committee has, consistent with the Commission's prior rulings and the recent regulations, paid for food consumed at the Senator's home to meet commitments or expenses which exist because of his role as a candidate or federal office holder.

Third, the August 19 letter also challenges our calculation of the value of the personal use of the car and the timing of the reimbursement for that use. The value of the personal use of the vehicle was based on quotes from six different commercial leasing firms in the Washington D.C. area as to the monthly cost of leasing such a vehicle. (See Affidavit of Timothy A. McKeever, Exhibit M to Detailed Response.) That number was multiplied by the roughly six months that the vehicle was in service and by an estimated percentage of personal use of the vehicle. Id. No log or other records of the actual personal use of the vehicle are believed to exist. The estimated personal use of the vehicle was generous so as to adequately cover the potential personal use. The Committee felt that the cost to lease such a vehicle in a commercial setting was the most appropriate way to calculate a value. An additional amount to cover interest on the value of personal use was also paid by the Senator.

The Committee did not believe that the difference between the actual purchase price of the car and the selling price was a fair way to calculate personal use. When acquired, this was a new car and so substantial initial depreciation occurred during the first few months of its use. Also, because of the Commission's requirements that political committees pay full fair market value for capital items (or face the possibility

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that inadvertent or illegal contributions will occur) and sell such items at no more than full value (again to prevent an illegal contribution from occurring), the Committee did not feel it could drive a hard bargain for the purchase price or the selling price. Also, because the vehicle was purchased, for political reasons, from a dealer in Alaska and delivered to a dealer in the Washington D.C. metro area, it was not possible to drive a hard bargain on the purchase price. The Committee did obtain quotes from two dealers as to the purchase price of the car. And, because the Committee sold it in Washington without a great deal of advertising or other marketing, it may not have gotten top dollar on the sale. In all likelihood, the Committee paid more for the vehicle than a private citizen would have and got less for it than a private citizen would have, but did so to avoid any suggestion that an illegal contribution would have occurred. For all these reasons, it would have been improper to base the personal use value on the difference in purchase and sales price.

The 1995 regulations currently in place which, among other things, require reimbursement for personal use within thirty days, did not exist at the time of this transaction. Therefore, they cannot be used to gauge this conduct. As noted above, the Senator did pay interest in connection with his reimbursement of the Committee for personal use. That interest was paid based on a reasonable interest rate based on the earnings the Committee received on other investments and was paid for each payment that was more than 30 days "late" at the time the payments were received. This more than compensated the Committee for the "use of the money" and is a reasonable way of reimbursing the Committee.

Finally, in his August 19 letter, Mr, Cuddy asserts, with no explanation or justification, that the campaign's payment of certain credit card expenses somehow gives rise to a personal use. The campaign obtained a Chevron gas credit card which was used to charge expenses of the campaign car. It was used to purchase not only gas, but to pay for maintenance and other expenses in connection with the car. The credit card was used to pay only for the campaign vehicle -- not any other vehicle operated by the Senator, his wife or children. Mr. Cuddy again engages in mere speculation -- he offers no proof of the allegations of his complaint.

The burden upon a person filing a complaint is to provide sufficient evidence of the alleged wrongdoing to demonstrate the violation of which they complain. Mr. Cuddy has not done so. As the Ethics Committee staff concluded, he has only speculated and suggested -- he has not provided any facts or information to provide

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a reasonable basis to conclude that any wrongdoing has occurred. His complaint must be dismissed.

Sincerely,

Timothy A. McKeever

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United States Senate
COMMITTEE ON APPROPRIATIONS
WASHINGTON, DC 20510-6025

August 20, 1996

Victor M. Baird
Staff Director & Chief Counsel
Select Committee On Ethics
United States Senate
Washington, D.C. -2051

Dear Mr. Baird:

I have discovered that the letter I wrote to the Committee on August 1, 1996 included one error. I wanted to correct that error so that the record would be clear.

As you will recall, David Cuddy, my opponent in the August 27, 1996 primary, filed a complaint with the Committee in late July. In part, Mr. Cuddy's complaint alleges that the campaign paid for me to travel in 1991 to Florida, Arizona and Hawaii. The campaign did not pay for me to go to Arizona and Hawaii. It did pay for campaign staff and volunteers to travel to those places as we pointed out. However, in our haste to respond quickly to the charges, I advised the committee that my campaign committee paid for travel I made to Florida and then on to California in the spring of 1991. That was not correct. The trips I made to those two locations were to speak to industry groups interested in various matters pending before the Senate and in the political process in general. Those groups actually paid for my travel and I reported the payments on my disclosure statement filed in the spring of 1992 as required by the rules. My Campaign Committee did not pay for that travel. I regret the error.

This mistake does not change the Committee's conclusion that my opponent's charges are baseless. The payment by the groups was legal and properly reported and the fact remains that I did not convert campaign funds to my personal use in violation of Senate Rules. Therefore, I do not believe there is any basis for further consideration of Mr. Cuddy's charges. However, I wanted to make certain that the Committee files concerning that travel are correct.

With best wishes,

Cordially,

TED STEVENS

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Washington, D.C. 20463

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FIRST GENERAL COUNSEL'S REPORT

MUR	4415
Date Complaint filed:	July 24, 1996
Date of Notification:	July 26, 1996
Date Activated:	September 18, 1996
Staff Member:	Stephan O. Kline

COMPLAINANT: David Cuddy

RESPONDENTS: Senator Ted Stevens
Stevens for Senate Committee and
Timothy A. McKeever, as treasurer

RELEVANT STATUTE: 2 U.S.C. § 439a

INTERNAL REPORTS CHECKED: Disclosure Reports

FEDERAL AGENCIES CHECKED: None

I. GENERATION OF MATTER

MUR 4415 arose from a complaint received by the Federal Election Commission ("Commission") on July 24, 1996. David Cuddy ("Complainant") alleged that Senator Ted Stevens and the Stevens for Senate Committee and Timothy A. McKeever, as treasurer, ("Stevens Committee" or "Committee") (and collectively, "Respondents") violated 2 U.S.C. § 439a, a provision of the Federal Election Campaign Act of 1971, as amended, ("Act" or "FECA"). Respondents were notified of the complaint on July 26, 1996 and responded to it on August 14, 1996.

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II. FACTUAL AND LEGAL ANALYSIS

A. Law

Section 439a of the Act provides that campaign funds that are in excess of any amount necessary to defray expenditures may be used by a candidate or individual, as the case may be, to defray any ordinary and necessary expenses incurred in connection with his or her duties as a federal office holder, may be contributed to certain specified tax exempt organizations, or may be used for any other lawful purpose, including transfers without limitation to any national, state, or local committee of any political party. 2 U.S.C. § 439a and 11 C.F.R. § 113.2(a)-(d). However, such excess campaign funds may not be converted by any person to any personal use, other than to defray any ordinary and necessary expenses incurred in connection with his or her duties as a holder of federal office. Id. Under the Act, an "expenditure" is defined to include "any purchase" or "payment," made by any person for the purpose of influencing any election for federal office." 2 U.S.C. § 431(9)(A)(i).

The 1979 amendments to the FECA amended Section 439a to prohibit the use of campaign funds for personal use by any person other than an individual serving as a member of Congress on January 8, 1980. See Pub. L. No. 96-187, 93 Stat. 1339, 1366-67. This exemption from the personal use prohibition is known as the "grandfather clause." Subsequently, Section 504 of the Ethics Reform Act of 1989 repealed the grandfather provision. See Pub. L. No. 101-194, 103 Stat. 1716. In doing so, Section 504 limited conversions to personal use by grandfathered members and former members

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of Congress to the unobligated balance in their campaign accounts as of November 30, 1989.

Pursuant to 11 C.F.R. § 113.2(e)(1), the unobligated balance in a campaign account generally is determined by adding a committee's cash on hand and non liquid assets and substracting a committee's debts. Pursuant to the Ethics Reform Act of 1989, if the unobligated balance fell below the November 30, 1989 level, a qualified member could use contributions lawfully received or other lawful committee income received after that date to restore the account to the November 30 level. 11 C.F.R. § 113.2(e)(2). The Ethics Reform Act of 1989 also completely prohibited conversion of campaign funds by anyone serving in the 103rd or any later Congress. Thus, any grandfathered member who returned to Congress in January, 1993 relinquished the right to convert funds to personal use. See 11 C.F.R. § 113.2(e)(5); AO 1990-26; and Explanation and Justification, Contribution and Expenditure Limitations and Prohibitions: Personal Use of Campaign Funds, 60 Fed. Reg. 7862 (February 9, 1995).

The Commission has given candidates wide discretion in making expenditures to influence their elections. See e.g., AO 1995-46, AO 1995-8, AO 1994-22, and AO 1993-1. The Commission's regulations, effective as of April 5, 1995, define personal use as "any use of funds in a campaign account of a present or former candidate to fulfill a commitment, obligation or expense of any person that would exist irrespective of the candidate's campaign or duties as a Federal office holder." 11 C.F.R. § 113.1(g). These new regulations include a list of those expenses which are generally presumed to be for personal use including household food items and supplies; funeral expenses; clothing;

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tuition payments; mortgage; rent and utility payments on real property owned by the candidate; entertainment; dues, fees, and gratuities paid at nonpolitical clubs; and salary payments to a candidate's family members. 11 C.F.R. § 113.1(g)(1)(i). Under these regulations, the Commission will determine on a case by case basis whether legal, meal, travel, and vehicle expenses constitute personal use. 11 C.F.R. § 113.1(g)(1)(ii). Finally, charitable donations, transfers of campaign assets, gifts of a nominal value for special occasions, and political or officially connected expenses are generally excluded from the definition of personal use. 11 C.F.R. § 113.1(g)(2)-(5).

The Commission had previously defined "excess campaign funds" as amounts received by a candidate as contributions which he or she determines are in excess of the amount necessary to defray expenditures. 11 C.F.R. § 113.1(e).

B. Complaint

Complainant states that, based on reports filed with the Commission, Senator Ted Stevens and the Stevens Committee violated the Act and the Standing Rules of the United States Senate by converting campaign contributions to personal use. Complainant specifically lists and describes some specific expenditures as constituting personal use. Complainant's specific categories are as follows: the purchase of a Lincoln Town Car[1] and travel expenditures from Washington, D.C. to Honolulu, Hawaii, San Francisco, California, and Key Largo, Florida, all in 1991; and vehicle rentals, household food items, and meals purchased throughout the 1996 Senate election cycle. Complainant then

[1] In an unsworn letter from Complainant dated July 26, 1996, but not received by the Commission until August 28, 1996, Complainant acknowledges that one transaction involving the 1991 Lincoln Town Car purchase was actually a Committee receipt for the sale of the car instead of an expenditure. Attachment 2.

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attaches an appendix containing a list of approximately 300 disbursements entitled "Senator Ted Stevens' Questionable Campaign Expenditures." Attachment 1. Besides attaching the list of campaign expenditures, Complainant supplied no evidence that any of these expenditures violated the personal use provisions. Based on the stated purposes and the amounts of these expenditures, Complainant makes a general allegation that they constitute violations of the personal use provision.

On August 27, 1996, the Commission received an unnotarized letter from the Complainant, purportedly containing quotations from Senator Stevens' testimony before the U.S. Senate Ethics Committee about various committee expenditures, statements which Complainant believes are contradicted by the Stevens Committee's reports filed with the Commission. Attachment 3. These statements will be discussed in the analysis section *infra*, as appropriate.

C. **Response**

Respondents deny violating the personal use rules and state that Senator Stevens has served as Chairman and Member of the Senate Select Committee on Ethics and the Senate Rules Committee and takes all ethical issues extremely seriously. Respondents note that the Complainant filed an identical complaint with the Senate Ethics Committee, and this complaint was dismissed by the Committee for failure "to provide a reasonable basis for concluding that any violation or improper conduct has occurred." Letter dismissing ethics complaint, Attachment 4. Respondents contend that the Complainant admitted in a Fairbanks Daily News-Miner article, dated July 25, 1996, and enclosed with

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the response, that some of the information contained in the complaint (pertaining to a campaign car) was inaccurate.

Respondents further argue that the entire complaint was politically motivated and that the Complainant admitted that the information contained within the complaint was known to him in May of 1996; Mr. Cuddy waited until late July to file a complaint -- five weeks before the Alaska Republican primary. Although Complainant supplied the Commission with a list of approximately 300 suspect disbursements, Respondents did not reply with specificity to each transaction. Respondents comment on the transactions involving the campaign car, vehicle rentals, food items, meals, travel, benefits for campaign staff, gifts and flowers, and expenses incident to fundraising and other political events, all of which are discussed *infra* in the appropriate portion of the analysis section. Respondents also repeat their general assertion that Senator Stevens did not violate Section 439a by converting campaign funds to personal use. On December 23, 1996, Respondents also submitted a supplemental response to Complainant's letters filed after the complaint. Attachment 6.

D. <u>Analysis</u>

1. Grandfather Provision

Senator Ted Stevens was appointed to the United States Senate in 1968 and has continuously served since then. As such, Senator Stevens was a member of the grandfathered class serving as a Member of Congress on January 8, 1980, 11 C.F.R. § 113.1(f), who was permitted to convert excess campaign funds to personal use pursuant to amendments to the FECA adopted in 1979. With the passage of Section

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504 of the Ethics Reform Act of 1989, Senator Stevens was permitted to convert to personal use only those funds equal to the unobligated balance of his campaign accounts on November 30, 1989. This provision, permitting the conversion of select excess campaign funds, lapsed in January of 1993, if one was a member of the 103rd Congress. Because Senator Stevens was a member of the 103rd and subsequent Congresses, he was only permitted to convert excess campaign funds to his personal use prior to January 1993.

Based on the Stevens Committee 1989 Year End Report, the Stevens Committee's unobligated balance in its campaign accounts on November 30, 1989, was approximately $645,563.60.[2] Complainant refers to 125 Stevens Committee disbursements totaling $116,231.04 which he referred to as "questionable campaign expenditures" during the period January 1, 1991 through December 31, 1992. Even if all of these transactions were actually conversions to personal use, and there is no indication they were, Senator Stevens and the Stevens Committee could not have violated the personal use prohibitions of 2 U.S.C. § 439a. Senator Stevens was a member of the grandfathered class; the allegations of personal use conversions during this period are much less than the unobligated cash balance as of November 30, 1989; and the campaign always had

[2] The Stevens Committee's 1989 Year End Report reported $714,353 cash on hand as of December 31, 1989 and $0 debts or other obligations. In the last month of 1989, the Committee made disbursements of $12,707.48 and obtained $81,496.88 in contributions and other receipts. Accordingly, on November 30, 1989 the Committee had $645,563.60 cash on hand and $0 debts. The Committee's unobligated cash balance on November 30 may have been even higher, because that balance could include non-liquid assets such as equipment or supplies, pursuant to 11 C.F.R. § 113.2(e)(1).

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sufficient cash on hand to make these disbursements.[3] Accordingly, this Office recommends that the Commission find no reason to believe that Senator Ted Stevens and the Stevens for Senate Committee and Timothy A. McKeever, as treasurer, violated 2 U.S.C. § 439a for transactions which arose prior to January 1, 1993.

2. Van Rental and Parking after January 1, 1993

One of the categories of personal use violations specifically alleged in the complaint was payments for van rentals in and around Washington D.C. between 1993 and 1995, most of which were made "during or near the Senate's summer recess." Complaint at 3. See Attachment 5 at 1. Respondents responded to this allegation by stating that the Stevens Committee rented vans to transport Alaskan high school interns who worked in Senator Stevens' office back and forth from work, and around Washington. The Committee used the vans to ensure the safety of the interns, one of whom was held up at gun-point, another was robbed, and a third was threatened with a knife.

Respondents attached affidavits from three interns -- Celine Opinsky who interned in the Summer of 1993 and worked for Senator Stevens in the Summers of 1994, 1995, and 1996; and Meghan McKeever and Tonya Meehan who both interned in the Summer of 1995 -- in which the interns confirmed that they were transported around Washington

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[3] 1990 was Senator Steven's re-election year, and in the period from November 30, 1989 through December 31, 1990, the Stevens Committee received $746,703.88 and disbursed $1,155,141.48, leaving $237,125 cash on hand and $0 debts at the end of 1990. While $237,125 is still much more than the $116,231.04 in alleged personal use transactions which occurred in 1991 and 1992, Senator Stevens was actually permitted to raise additional funds and convert such funds to personal use during 1991 and 1992. The Stevens Committee could have raised a total amount equal to $645,563.60, the Committee's unobligated balance on November 30, 1989. See 11 C.F.R. § 113.2(e)(2).

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in a van during those Summers. All three interns stated that they had never seen Senator Stevens and his family even ride in the vans. Respondents also attached an affidavit from Timothy McKeever, treasurer of the Stevens Committee, stating that the Committee has rented vans during the Summers of 1991 through 1996, and these vans were only used to transport Summer interns.

Senator Stevens operates a Summer internship program in his Washington office for graduates of Alaska high schools. Respondents clearly assert that the 1993-95 van rentals at issue in this matter were only used to transport interns taking part in this program, and affidavits provided by students who took part in the internships in each of those years, as well as the campaign treasurer, support this assertion. Complainant does not provide any information to the contrary.

For those disbursements for van rentals made before the issuance of the new regulations, the appropriate analytical framework is to determine whether the funds were used to "defray any ordinary and necessary expenses incurred in connection with the recipient's duties as a holder of Federal office." 11 C.F.R. § 113.2(a) and 2 U.S.C. § 439a. Senator Stevens' internship program is an educational opportunity offered to the Senator's constituents, and this program appears to be an extension of his duties as a Federal officeholder and an appropriate use of excess campaign funds. Accordingly, pursuant to 11 C.F.R. § 113.2(a) and 2 U.S.C. § 439a, using campaign funds to pay for van rentals in connection with the internship program, prior to the issuance of the new regulations, does not appear to constitute a conversion of excess campaign funds to personal use.

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Pursuant to the Commission's new regulations, use of campaign funds for vehicle expenses are to be addressed on a case by case basis, 11 C.F.R. § 113.1(g)(1)(ii)(D), although "the expenses associated with a personal vehicle usually exist irrespective of the candidacy or the officeholder's duties, the use of campaign funds for these expenses will generally be considered personal use." Explanation and Justification, Contribution and Expenditure Limitations and Prohibitions: Personal Use of Campaign Funds, 60 Fed. Reg. 7864 (February 9, 1995). Although the Commission's new regulations contemplate that expenses associated with a personal vehicle usually exist irrespective of the candidacy or the officeholder's duties, and ordinarily constitute personal use, the van rentals at issue do not appear to be rentals of personal vehicles. Senator Stevens only has expenses for his internship program because of his duties as a Federal officeholder, and this appears to be an appropriate use of excess campaign funds. Accordingly, pursuant to 11 C.F.R. § 113.1(g) and 11 C.F.R. § 113.2(a), disbursements for van rentals made after April 5, 1995 in connection with the internship program do not appear to constitute conversions of excess campaign funds to personal use.

Complainant had also included a $960 disbursement to Unipark on June 23, 1993 for "parking" in his lengthy list of Stevens Committee disbursements which were all summarily alleged to constitute violations of the personal use provision. Attachment 5 at 1. In what appears to be a reference to this particular disbursement, the Stevens Committee noted in its response that it had paid for parking at a fundraising event.[4]

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[4] The Stevens Committee did receive approximately $16,000 in contributions in May and June of 1993 from contributors located in Washington, D.C. and its suburbs (and approximately $160,000 in contributions from 250 Washington-area contributors

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Response at 12. Before (and after) the issuance of the new regulations, the Commission provided candidates with wide discretion in making expenditures to influence elections. See e.g., AO 1995-46 and AO 1995-8. Under the FECA, an expenditure is a purchase made by any person for the purpose of influencing any election for Federal office, 2 U.S.C. § 431(9)(A)(i), and fundraising obviously has a tremendous impact on elections. Because Complainant supplied no supporting information and Respondents appear to have generally addressed this issue, there appears to be insufficient information to substantiate a reason to believe finding that the Stevens Committee violated the personal use provisions with respect to parking fees.

3. Entertainment, Food Items, and Meals after January 1, 1993

In his list of Stevens Committee campaign expenditures, Complainant included many disbursements for meals, catering, and food, as well as a single disbursement for entertainment at the Hotel Dupont. Attachment 5 at 2-4. Complainant specifically alleged that payments by the Stevens Committee for household food items and meals actually were conversions for personal use. For instance, Complainant noted that during the period at issue in this matter, the Stevens Committee "reported paying various restaurants thousands of dollars for meals and entertainment. It appears that at least some of those payments did not involve face to face fundraising." Complaint at 4. Complainant also alleged that more than $7,000 in charges to Safeway or Sutton Place Gourmet for "meals" or "food" also "were not for use in fundraising activities." Complaint at 3. In response to Senator Stevens' statement to the Senate Ethics

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between 1993 and 1996), suggesting that the Stevens Committee fundraising apparatus was operational in the Washington area during this period.

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Committee about food purchased for gatherings held at the Senator's home, complainant states: "As I read the governing regulations . . . the use of campaign funds to buy food for household use at social gatherings -- no matter who was being entertained is impermissible." Attachment 3 at 2-3.

Respondents state that Senator Stevens often holds officially connected conferences and events at his Alaska and Washington offices and homes, purchasing food and beverages at local supermarkets in order to save money. Senator Stevens has hosted groups of visiting Alaskans, office parties, interns, and other public figures including other Members of Congress and Alaskan officials. The Committee has also paid for refreshments at various Alaskan events including receptions for members of the press and mini-conferences with constituents, receptions following Senator Stevens addresses to the Alaska State legislature, or dinners or other events with campaign supporters. Senator Stevens hosts groups of Alaskans or others, such as members of the press, for lunch at the Senate Restaurant. "When he does so and officially connected business is conducted at such lunches and political benefits may result, the campaign committee pays for the meals. . . . However, when the Senator has lunch with his wife and daughter or friends, he pays for those meals out of his personal funds." Response at 9-10.

For those disbursements for meals, food, and catering made before the issuance of the new regulations, the appropriate analytical framework is to determine, under the standard applicable to all personal use issues, whether the funds were used to "defray any ordinary and necessary expenses incurred in connection with the recipient's duties as a holder of Federal office." 11 C.F.R. § 113.2(a) and 2 U.S.C. § 439a.

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Hosting office parties, Alaskan officials, interns, and other Members of Congress appear to be obligations or expenses that exist because of Senator Stevens' campaign or duties as a Federal officeholder, and this point is stressed in Respondents' supplemental response, attachment 6 at 4; as such these activities are appropriate uses for excess campaign funds. Whether such gatherings were catered or whether Senator Stevens purchased Alaskan seafood or supplies from Sutton Place Gourmet or Safeway appears immaterial in determining that these were permissible uses of excess campaign funds. Moreover, there is no information suggesting that Senator Stevens and his family have taken advantage of these events. The affidavit provided by Lisa Sutherland, Senator Stevens' chief of staff states that the Stevens' family does not even consume left-overs; rather, those are brought to the Senate for consumption by office staff. Purchasing food for similar events in Alaska, having receptions catered for constituents, and maintaining a supply of beverages in the Senate office, also do not appear to be conversions of campaign funds to personal use and are appropriate uses for excess campaign funds. Respondents have stated that the Stevens Committee made expenditures for meals which occurred when Senator Stevens has traveled to Alaska or other locations, and the Committee has also paid for meals hosted by Senator Stevens for Senate colleagues, members of the press, and constituents. In contrast, Respondents specifically stated that if the Senator had meals with family or friends, those meals were paid for with personal funds. Accordingly, pursuant to 2 U.S.C. § 439a and 11 C.F.R. § 113.2(a), using campaign funds to pay for meals, food, and catering made in connection with Senator

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Stevens' duties as a holder of Federal office, prior to the issuance of the new regulations, does not appear to constitute a conversion of excess campaign funds to personal use.

The Commission's new regulations regulate conversions of excess campaign funds to personal use by determining whether the use of funds "fulfill a commitment, obligation or expense that would exist irrespective of the candidate's campaign or duties as a Federal officeholder," 11 C.F.R. § 113.1(g)(1)(ii). While the new regulations directly regulate meals and food, including "household food items or supplies" in the list of items considered personal use, 11 C.F.R. § 113.1(g)(1)(i)(A), the Explanation and Justification for these regulations notes that the provision for household food items and supplies:

> covers any food purchased for day to day consumption in the home, and any supplies purchased for use in maintaining the household. The need for these items would exist irrespective of the candidate's campaign or duties as a Federal officeholder. Therefore, the Commission regards them as inherently personal and subject to the personal use ban.
>
> However, this provision would not prohibit the purchase of food or supplies for use in fundraising activities, even if the fundraising activities takes place in the candidate's home. Items obtained for fundraising activities are not household items within the meaning of this provision. Similarly, refreshments for a campaign meeting would not be covered by this paragraph.

Explanation and Justification, Contribution and Expenditure Limitations and Prohibitions: Personal Use of Campaign Funds, 60 Fed. Reg. 7864 (February 9, 1995). The Explanation and Justification further notes that meals incurred for fundraising are permissible, but "[i]n contrast, the use of campaign funds to take the candidate's family out to dinner in a restaurant would be personal use, because the family's meal expenses would exist even if no member of the family were a candidate or an officeholder."

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Explanation and Justification at 7868. The new rules "do not prohibit the use of campaign funds for campaign or officeholder related meal expenses or subsistence expenses incurred during campaign or officeholder travel." Id.

Complainant specifically asserts that, under the new regulations, campaign funds could only be used to buy food for gatherings at the Senator's house if fundraising activities took place there, and this assertion is incorrect. Including "household food items or supplies" within a *per se* definition of personal use, 11 C.F.R. § 113.1(g)(1)(i)(A), appears to impose a limit on how these items are consumed, and by whom, but the applicable limitation is not simply that consumption takes place in the home.

Events held at Senator Stevens' home or in rented facilities for staff, colleagues, Alaskan officials, or constituents exist because of Senator Stevens' campaign or duties as a Federal officeholder and as such appear to be appropriate uses for excess campaign funds. Similarly dinners consumed during campaign or official travel or meals hosted by Senator Stevens for Senate colleagues, members of the press, and constituents also exist because of Senator Steven's campaign or duties as a Federal officeholder. Accordingly, pursuant to 2 U.S.C. § 439a and 11 C.F.R. § 113.1(g), use of campaign funds to pay for meals, food, and catering made in connection with Senator Stevens' campaign or duties as a holder of Federal office does not appear to constitute a conversion of excess campaign funds to personal use.

In his lengthy list of campaign expenditures which were summarily alleged to have violated the personal use provision, Complainant also included a December 30,

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1993 disbursement for $235.46 for "entertainment" at Hotel Dupont in Wilmington Delaware. If Senator Stevens had merely eaten at Hotel Dupont, the notation "meals," which appears throughout the Committee's reports, would probably have appeared as the purpose of the expenditure. Hotel Dupont, besides containing several restaurants and bars, also has an on-site theater and a comedy club. Because Complainant provided no information about this expenditure, and because Respondents did not single out for response this expenditure from the approximately 300 included by Complainant, there is no information on who was entertained or the type of entertainment.

Although this type of disbursement may now violate the new regulations,[5] the new personal use rules were not in effect in 1993 when the disbursement in question took place. Instead, the only relevant standard appears in 2 U.S.C. § 439a and 11 C.F.R. § 113.2(a) -- whether this was an ordinary and necessary expense incurred in connection with the Senator's duties as a holder of Federal office.[6] Determining whether there is reason to believe this entertainment expense was a conversion of campaign funds to personal use is a close call. As previously noted, the notation "entertainment" appears in the Stevens Committee reports only once, suggesting

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[5] Pursuant to the new regulations, "admission to a sporting event, concert, theater or other form of entertainment, unless part of a specific campaign or officeholder activity" is considered personal use. 11 C.F.R. § 113.1(g)(1)(i)(F). "The Final rules require that the purchase of tickets be part of a particular campaign event or officeholder activity and not a leisure outing at which the discussion occasionally focuses on the campaign or official functions." Explanation and Justification at 7866. Under the new rules, entertainment at Hotel Dupont's theater or comedy club would appear to be a violation of the personal use regulations, even if the entertainment was for constituents, visiting officials, or interns.

[6] The Commission last addressed the entertainment issue in a 1977 advisory opinion approving the use of excess campaign funds for the entertainment of constituents. AO 1977-47. Because this advisory opinion was issued in the period when conversions of excess campaign funds to personal use were permitted, it is of limited utility.

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that whatever took place at the Hotel Dupont went beyond a meal. However, there is absolutely no information concerning who attended the entertainment or what took place. Moreover, Respondents denied that any of these expenditures was improper, making the general statement that "the Senator and the Committee are scrupulously careful to insure that no campaign funds are put to his personal use." Response at 13. Accordingly, there appears to be insufficient information to substantiate a reason to believe finding that Respondents violated 2 U.S.C. § 439a or 11 C.F.R. § 113.2(a) with respect to entertainment at Hotel Dupont.

4. Travel Expenditures after January 1, 1993

While Complainant failed to explicitly discuss travel expenditures, he did include a number of such disbursements in his list of Stevens Committee campaign expenditures. According to Respondents, the Stevens Committee has been actively raising funds for Senator Stevens' 1996 re-election campaign since the Spring of 1993, and has held fundraisers in various communities in Alaska and other locations. "In connection with such events we have incurred travel, food, and lodging expenses. Those are campaign related expenses and entirely proper." Response at 11. Respondents state that when the Senator's wife and children have traveled to and from Alaska to attend various political, campaign and public events and gatherings, the Committee has paid for their travel. However, the Committee has never paid for travel for Senator Stevens' wife or children for vacations or personal use.

Respondents also note that the Senate Republican Conference has held retreats in various locations outside of Washington like Williamsburg and Chantilly, Virginia, and

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Annapolis, Maryland. Because Senator Stevens did not feel these were costs that should have been borne by taxpayers, the Stevens Committee paid for Senator Stevens' expenses. "Such events are politically beneficial and Senator Stevens would not have attended such events but for the fact that he is a member of the Senate." Response at 11.

Most of the travel expenditures included in Complainant's roster of Stevens Committee campaign expenditures were for approximately $17,000 in disbursements for air travel. Respondents did not describe the destinations of these airline trips except to state that the Committee has been in an active fundraising posture since 1993, and this is evidenced by the Stevens Committee reports. The Committee raised $244,077 in 1993 and 1994, and $2,392,598 in 1995 and 1996 (through the 12 Day Pre-Primary Report filed on August 15, 1996). Respondents have insisted that the Stevens Committee has never paid for travel for Senator Stevens' wife or children for vacations or other forms of personal use, and has never converted excess campaign funds to Senator Stevens' personal use.

For those travel disbursements made before April of 1995, it is necessary to determine whether the funds were used to "defray any ordinary and necessary expenses incurred in connection with the recipient's duties as a holder of Federal office." 11 C.F.R. § 113.2(a) and 2 U.S.C. § 439a. The Commission has previously decided that a candidate's spouse could give partisan speeches in connection with a campaign event, and the spouse's expenses for travel, lodging, and meals are considered to be for the purpose of influencing the candidate's election and not as personal use. AO 1990-21. See also, AO 1981-25. In recent advisory opinions, the Commission also permitted

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campaign funds to be used to pay for travel expenses to the 1996 Republican Convention for two children aged 12 and 16 who were an integral part of the candidate's campaign effort, AO 1996-19, and for child-care expenses for a 20 month old child, when a spouse's presence was required at a campaign event. AO 1995-42.

Travel expenses including meals, transportation costs, and lodging for official duties or campaign events are not conversions of campaign funds to personal use, and, in the instant matter, there is no information to suggest that any of these trips were for personal use. Moreover, if the travel was for a campaign or official event necessitated the presence of Senator Stevens' spouse or children, campaign funds could also be used to pay for those expenses. Lodging and meal expenses arising through Senator Stevens' attendance at Senate Republican Conferences are other permissible expenses which do not exist but for the Senator's duties as a holder of Federal office. Accordingly, it appears that Senator Stevens' travel expenditures made before April 5, 1995 do not violate the personal use restrictions of 2 U.S.C. § 439a or 11 C.F.R. § 113.2(a) and were appropriate uses of excess campaign funds.

Under the Commission's new regulations, travel expenses, including subsistence expenses incurred during travel, are to be determined on a case by case basis, 11 C.F.R. § 113.1(g)(1)(ii)(C), and "the final rules do prohibit the use of campaign funds for personal expenses collateral to campaign or officeholder related travel by treating these uses as personal use unless the committee is reimbursed." Explanation and Justification, Contribution and Expenditure Limitations and Prohibitions: Personal Use of Campaign Funds, 60 Fed. Reg. 7868 (February 9, 1995). The new regulations also

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state that excess campaign funds may be used to defray any ordinary and necessary expenses incurred in connection with the recipient's duties as a holder of Federal office. These include the costs of travel by the officeholder and an accompanying spouse to participate in a function directly connected to *bona fide* official responsibilities, such as a fact-finding meeting or an event at which the officeholder's services are provided through a speech or appearance in an official capacity. 11 C.F.R. § 113.2(a)(1).

There is also no indication that Respondents violated the personal use rules for travel which took place after the issuance of the new regulations. Senator Stevens appears to have traveled for official duty, on campaign trips to Alaska or other fundraising destinations, or to Senate Republican conferences. This travel appears to have been required due to Senator Stevens' position as a United States Senator. Accordingly, it appears that Senator Stevens' travel expenditures made after April 5, 1995, do not violate the personal use restrictions of 2 U.S.C. § 439a, 11 C.F.R. § 113.1(g), or 11 C.F.R. § 113.2(a)(1).

5. Cards, Gifts, and Seafood after January 1, 1993

Complainant also included approximately 30 disbursements made between 1993 and 1996 for seafood, gifts, and cards, among the approximately 300 expenditures which he summarily asserted as constituting personal use. Attachment 5 at 7. The expenses in this category are approximately $1,500 for seafood, $7,000 in gifts from the Eastern Shore Tea Company, $1,500 in gifts from the Senate Gift Shop, $4,300 for cards printed by Tuttle and Tuttle, and a few miscellaneous expenditures for silver medallions, mugs,

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pottery and other "gifts."[7] According to Respondents, Senator Stevens is invited to dozens of weddings, baptisms, and charitable events in Alaska each year. The Senator often sends a small gift or an item for a charitable auction. The Senator also distributes small gifts at Christmas to his staff, close campaign supporters, and to other Senators. These gifts have included Capitol or White House Christmas ornaments, and Alaska seafood and Wildberry Products. Senator Stevens hosts annual women's lunches in different Alaskan communities in which he distributes small mementos including tea, candles, and note pads. The Committee has paid for these mementos and has also purchased Alaska mugs for use in Senator Stevens' office.

For those gift and related disbursements made before the issuance of the new regulations, it is necessary to determine whether the funds were used to "defray any ordinary and necessary expenses incurred in connection with the recipient's duties as a holder of Federal office." 11 C.F.R. § 113.2(a) and 2 U.S.C. § 439a. Certain advisory opinions decided before the issuance of these regulations provide guidance in this area. In AO 1993-20, the Commission decided that the purchase of a candidate autobiography from a publisher by the candidate committee for distribution to supporters as well as Congressional staff who worked on the campaign, when the candidate would receive no royalties or profits, does not violate the personal use provisions. When a campaign committee had excess campaign funds, the Commission concluded that the donation of

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[7] The following disbursements were actually in-kind contributions to the Stevens Committee: a $300 disbursement to Mark Kandianis for seafood and freight on February 15, 1996; a $710 disbursement to Arni Thompson for seafood on February 16, 1996; and a $670 disbursement to Dennis Wheeler for silver medallions on March 8, 1996.

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nine silver belt buckles (valued at approximately $200 to $800 each) to key campaign personnel was a lawful purpose under 2 U.S.C. § 439a and did not violate the personal use restrictions. AO 1990-11. The Commission has also approved the sending of Christmas cards by a candidate. AO 1977-60; AO 1980-123. Moreover, when asked whether a campaign committee could give special recognition including mementos, newsletters, special receptions, and possibly other social events to contributors who provide regular financial support to the committee, the Commission decided that nothing in the Act prohibited the committee from spending its funds for these purposes. AO 1983-5. All of these advisory opinions issued prior to 1993 were from the period when conversions of excess campaign funds to personal use were permitted.

Prior to April of 1995, giving gifts and mementos to constituents, staff, supporters, and colleagues were expenses that existed in connection with Senator Stevens' duties as a Federal officeholder. As discussed above, purchases of seafood for consumption at political events also appears to be an appropriate use of excess campaign funds.

It seems likely that cards for which there was a reported disbursement by Tuttle and Tuttle on December 30, 1994 were Christmas cards.[8] The Commission previously had stated that campaign funds appropriately could be used for Christmas cards, AO 1977-60 and AO 1980-123, and it still appears after the termination of the grandfather

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[8] If this disbursement was for Christmas cards, the cards were probably produced and distributed before December 25, 1994. Pursuant to 11 C.F.R. § 100.8(a)(3), the correct reporting date for this transaction should have been the date the initial contract, promise, or obligation was made in connection with these cards. Although this expenditure may have been reported late in violation of 2 U.S.C. § 434(b), this Office makes no recommendation about a possible violation.

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clause, that the issuance of Christmas cards are traditional expenses incurred in connection with Senator Stevens' office. There is no information suggesting that Senator Stevens or his family converted any of these items to personal use.[9] Accordingly, it appears that Senator Stevens' gift and related expenditures occurring before April 5, 1995 do not violate the personal use restrictions of 2 U.S.C. § 439a or 11 C.F.R. § 113.2(a).

The Commission's new regulations state with specificity that "gifts of nominal value and donations of a nominal amount made on a special occasion such as a holiday, graduation, marriage, retirement, or death are not personal use, unless made to a member of the candidate's family." 11 C.F.R. § 113.1(g)(4). The Commission recognized "that candidates and officeholders frequently send small gifts to constituents and supporters on special occasions as gestures of sympathy or goodwill, and that such an expense would not exist irrespective of the candidate's or officeholder's status. . . . However, the exception does not cover gifts that are of more than nominal value." Explanation and

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[9] One item on this gift list was $900 for "gifts" to Edie Opinsky of Anchorage Alaska on December 30, 1993. Subsequent campaign reports list disbursements to Edie Opinsky for "payroll." Although this gift was a large disbursement to an individual, it may have been totally permissible. For example, the campaign could have awarded a bonus to a valued campaign employee or volunteer or could have purchased gift items produced by Ms. Opinsky for distribution at various campaign functions. Prior to the issuance of the regulations in 1995, both of these possibilities appear to have been a permissible use of excess campaign funds. See AO 1990-11 (Commission decided that the donation of valuable silver belt buckles by a committee with excess campaign funds to campaign staff was not a conversion to personal use) and AO 1993-20. Alternatively, Ms. Opinsky may have purchased gift items such as Alaska seafood for the campaign. Although this would have been permissible under the FECA, the Committee would have incorrectly reported the transaction because Ms. Opinsky was not the ultimate recipient of campaign funds. In the absence of specific information explaining this transaction and because of the general denial of personal use violations by Respondents, this Office makes no recommendation with regard to this transaction.

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Justification, Contribution and Expenditure Limitations and Prohibitions: Personal Use of Campaign Funds, 60 Fed. Reg. 7870 (February 9, 1995).

As is the case for many of the expenditures discussed in this report, Complainant did no more than include several expenditures identified as "gifts" among the approximately 300 expenditures Complainant asserts were personal use. Complainant offered no specific evidence that any of the gifts was of more than nominal value,[10] or that any of the gifts was given to family or friends. Conversely, Respondents stated that due to his position as a United States Senator, Senator Stevens is invited to many weddings, baptisms, and charitable events, to which he sends gifts of nominal value. Senator Stevens also gives gifts and mementos to constituents, staff, supporters, and colleagues on special occasions. Respondents also specifically state that "Senator Stevens does not, and the Committee would not in any case, ask the Committee to pay for gifts to family members or for flowers at family funerals." Response at 11-12. Accordingly, there appears to be insufficient information to substantiate a reason to believe finding that Respondents violated the personal use restrictions of 2 U.S.C. § 439a or 11 C.F.R. § 113.1(g) with respect to Senator Stevens' gift and related expenditures occurring after April 5, 1995.

The complaint in MUR 4415 basically was limited to a list of Stevens Committee campaign expenditures, some of which Complainant discussed in detail and most which he merely attached as "questionable campaign expenditures." Besides listing many disbursements, Complainant provided no evidence that the Stevens Committee had violated

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[10] It is not possible to judge this from the reports themselves, which contain entries for "gifts," followed by a total expenditure.

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the personal use provisions. This point was emphasized by Respondents in their supplemental response to the complaint -- Complainant "has only speculated and suggested -- he has not provided any facts or information to provide a reasonable basis to conclude that any wrongdoing has occurred." Attachment 6 at 5-6.

Respondents responded to those categories of expenses specifically addressed in the complaint and convincingly explained why the personal use provisions were not violated. In many instances, Respondents did not address the 300 disbursements attached to the complaint other than to generally state that Senator Stevens and the Committee had not violated the personal use provisions. This type of response led this Office to conclude that on such issues there was insufficient information to substantiate a reason to believe finding. Accordingly, this Office recommends that the Commission find no reason to believe that Senator Ted Stevens and the Stevens for Senate Committee and Timothy A. McKeever, as treasurer, violated 2 U.S.C. § 439a, and close the file.[11]

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[11] This recommendation is consistent with the Senate Committee on Ethics' disposition of two similar complaints filed by Mr. Cuddy against Senator Stevens. See Attachment 4.

III. RECOMMENDATIONS

1. Find no reason to believe that Senator Ted Stevens and the Stevens for Senate Committee and Timothy A. McKeever, as treasurer, violated 2 U.S.C. § 439a.

2. Approve the appropriate letters.

3. Close the file.

Lawrence M. Noble
General Counsel

1/3/97
Date

BY: [signature]
Lois G. Lerner
Associate General Counsel

Attachments:

1. Complainant's list of "questionable campaign expenditures"
2. Complainant's Lincoln Town Car Letter
3. Complainant's Senate Ethics Committee Letter
4. Letter Dismissing Senate Ethics Complaint
5. Categorized List of Disbursements
6. Respondent's Supplemental Response

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Senator Ted Stevens;	)	MUR 4415
Stevens for Senate Committee	)	
and Timothy A. McKeever, as	)	
treasurer.	)	

CORRECTED CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on January 9, 1997, the Commission decided by a vote of 5-0 to take the following actions in MUR 4415:

1. Find no reason to believe that Senator Ted Stevens and the Stevens for Senate Committee and Timothy A. McKeever, as treasurer, violated 2 U.S.C. §439a.

2. Approve the appropriate letters, as recommended in the General Counsel's Report dated January 3, 1997.

3. Close the file.

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

Attest:

1-14-97
Date

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

Received in the Secretariat: Mon., Jan. 6, 1997 11:13 a.m.
Circulated to the Commission: Mon., Jan. 6, 1997 4:00 p.m.
Deadline for vote: Thurs., Jan. 9, 1997 4:00 p.m.

mwd

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 16, 1997

Dave Cuddy
1900 Stanford Drive
Anchorage, Alaska 99508

RE: MUR 4415

Dear Mr. Cuddy:

On January 9, 1997, the Federal Election Commission reviewed the allegations of your complaint dated July 22, 1996, and found that on the basis of the information provided in your complaint, and information provided by the respondents, there is no reason to believe Senator Ted Stevens and the Stevens for Senate Committee and Timothy A. McKeever, as treasurer, violated 2 U.S.C. § 439a. Accordingly, on January 9, 1997, the Commission closed the file in this matter.

The Federal Election Campaign Act of 1971, as amended, allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a)(8).

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
General Counsel's Report

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 16, 1997

Timothy A. McKeever, Esq.
Faulkner, Banfield, Doogan & Homes
550 W. 7th Avenue
Anchorage, Alaska 99501-3510

RE: MUR 4415
Senator Ted Stevens
Stevens for Senate Committee and
Timothy A. McKeever, as treasurer

Dear Mr. McKeever:

On July 26, 1996, the Federal Election Commission notified Senator Ted Stevens and the Stevens for Senate Committee and Timothy A. McKeever, as treasurer, your clients, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act").

On January 9, 1997, the Commission found, on the basis of the information in the complaint, and information provided by you, that there is no reason to believe Senator Ted Stevens and the Stevens for Senate Committee and Timothy A. McKeever, as treasurer, violated 2 U.S.C. § 439a. Accordingly the Commission closed its file 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.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 4415

DATE FILMED 2-3-97 CAMERA NO. 4

CAMERAMAN JMH

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