FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 4419

DATE FILMED 6-9-97 CAMERA NO. 4

CAMERAMAN JMN

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National Republican Congressional Committee

Bill Paxon, M.C.
Chairman

Maria Cino
Executive Director

ORIGINAL

MUR 4419

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

JUL 29 2 36 PM '96

BEFORE THE FEDERAL ELECTION COMMISSION
OF THE UNITED STATES OF AMERICA

In the Matter of:

Jonathan Weinzapfel and **Weinzapfel For Congress** campaign committee

NOW COMES, the National Republican Congressional Committee by and through its Executive Director, Maria Cino, whose principal office is located at 320 First Street, S.E., Washington D.C. 20003 ("Complainant") to file this Complaint pursuant to 2 U.S.C. 441 (a) (2) (A) and (f), relative to certain Federal Election Commission violations.

VIOLATION

Federal Election Commission regulations prohibit campaign committees from taking loans unless they meet certain conditions. A loan by a bank to a candidate or his committee will be considered a prohibited contribution (11 CFR Sec. 114.2) unless it is "made in accordance with applicable banking laws and regulations and is made in the ordinary course of business." 11 CFR Sec. 100.7(b)(11); 11 CFR Sec. 100.8(b)(12). One of the requirements that a loan must meet in order to be considered "in the ordinary course of business" is that it must be "made on a basis which assures repayment." The Weinzapfel For Congress campaign committee and Jonathan Weinzapfel violated 11 CFR Sec. 100.7(b)(11) and 11 CFR Sec of the Code of Federal Regulations by obtaining two prohibited unsecured loans which did not assure repayment. As a result of taking prohibited loans the candidate and the campaign further violated election law in that the receipt of the funds of the loans amounts to receipt of prohibited contributions from a bank. 11 CFR Sec. 114.2.

97043820299

320 First Street, S.E.
Washington, D.C. 20003
(202) 479-7020

Paid for by the National Republican Congressional Committee. Not printed at Government Expense.

FACTS

The facts show that Jonathan D. Weinzapfel on April 23, 1996 borrowed $10,000.00 from the Old National Bank In Evansville, his employer, with an interest rate of 12.328 per cent, and on June 22, 1996 in a separate transaction borrowed $8,000.00 with an interest rate of 11.549 percent. The attached Exhibits "A" through "E", which include two Promissory Note and Disclosure instruments and copies of portions of the Weinzapfel for Congress FEC filing dated 7-12-96, clearly indicate in a number of locations on the documents, that the loans were without collateral or security as required by 11 CFR 100.7(b)(11) and 11 CFR 100.8(b)(12). The first illegal loan of $10,000.00 was made eleven days prior to the Indiana primary held on May 7, 1996 and upon information and belief enabled candidate Weinzapfel to infuse last minute substantial cash into his campaign which enabled him to unexpectedly prevail, by a narrow margin, in a closely contested primary election. Mr. Weinzapfel an employee of Old National Bank In Evansville, is on leave of absence from his employment. He was on leave of absence when he obtained both loans. Mr. Weinzapfel is listed as borrower on both promissory notes and is the only one listed as endorser or guarantor on both loans as reported on Schedule C.

CONCLUSION and PRAYER FOR RELIEF

Based upon the evidence shown in the attached exhibits it is clear that candidate Weinzapfel and Weinzapfel for Congress campaign committee violated 11 CFR 114.2; 11 CFR 100.7 (b)(11); and 11 CFR 100.8(b)(12).

Therefore, the Complainant respectfully requests the Federal Election Commission fully investigate this violation and determine that there has been a violation of law as appropriate.

Accordingly, the Complainant further requests the Federal Election Commission assess all appropriate penalties against the Weinzapfel for Congress campaign committee and Jonathan Weinzapfel for said willful and knowing violations of the aforementioned Code of Federal Regulation sections in accordance with 2 U.S.C. 437(a)(5)(B) and (C).

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

97043820300C

Respectfully Submitted

Maria Cino
Executive Director
National Republican Congressional

Committee

Subscribed and sworn before me, on this, the 24th day of July, 1996.

(Notary Public)

My Commission Expires 7/14/99

M. D. Acton
Notary Public, District of Columbia
My Commission Expires July 14, 1999

9704382U301

Exhibit "A"

SCHEDULE C-1
Federal Election Commission
Washington, D.C. 20463

Supplementary for information found on Page 1 of Schedule C

LOANS AND LINES OF CREDIT FROM LENDING INSTITUTIONS

NAME OF COMMITTEE (IN FULL)	FEC IDENTIFICATION NUMBER	
WEINZAPFEL FOR CONGRESS	C00305813	
FULL NAME, MAILING ADDRESS AND ZIP CODE OF LENDING INSTITUTION (LENDER)	AMOUNT OF LOAN	INTEREST RATE (APR)
Old National Bank in Evansville State Street Office - Commercial Loans 705 State Street Newburgh, IN 47630	10,000.00	12.328%
	DATE INCURRED OR ESTABLISHED	DATE DUE
	4-23-96	6-22-96

A. Has loan been restructured? [X] No [ ] Yes If yes, date originally incurred: _____

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

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

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

What is the value of this collateral? _____

Does the lender have a perfected security interest in it? [X] No [ ] Yes

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

[X] No [ ] Yes If yes, specify: _____ What is the estimated value? _____

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

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

Unsecured

G. COMMITTEE TREASURER
TYPED NAME ROSELLE WEINZAPFEL SIGNATURE Roselle Weinzapfel DATE 7-15-96

H. Attach a signed copy of the loan agreement.

I. TO BE SIGNED BY THE LENDING INSTITUTION:

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

II. The loan was made on terms and conditions (including interest rate) no more favorable at the time than those imposed for similar extensions of credit to other borrowers of comparable credit worthiness.

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

AUTHORIZED REPRESENTATIVE	TITLE	DATE
Jeffrey S. Kincaid TYPED NAME SIGNATURE	Assistant Vice President	7-12-96

Exhibit "B"

MEMBER OLD NATIONAL BANCORP

PROMISSORY NOTE AND DISCLOSURE

Principal	Loan Date	Maturity	Loan No	Call	Collateral	Account	Officer	Initials
$10,030.00	04-23-1996	06-22-1996	1810001327	223	00		142	

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Borrower: JONATHAN D. WEINZAPFEL
10600 MIDDLE MT. VERNON RD
MT. VERNON, IN 47620

Lender: OLD NATIONAL BANK IN EVANSVILLE
STATE STREET OFFICE - COMMERCIAL LOANS
700 STATE STREET
NEWBURGH, IN 47630

ANNUAL PERCENTAGE RATE The cost of my credit as a yearly rate.	FINANCE CHARGE The dollar amount the credit will cost me.	Amount Financed The amount of credit provided to me or on my behalf.	Total of Payments The amount I will have paid after I have made all payments as scheduled.
12.328%	$202.65	$10,000.00	$10,202.65

PAYMENT SCHEDULE. My payment schedule will be one payment of $10,202.65 on June 22, 1996.

SECURITY. This loan is unsecured except for Lender's security interest and other rights in my deposit accounts.

PREPAYMENT. If I pay off early, I will not be entitled to a refund of the prepaid finance charges, and I may have to pay a minimum finance charge.

I will look at my contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

Amount Financed Itemization

Amount paid to me directly: $10,000.00 Lender's Check # 10834		$10,000.00
Total Financed Prepaid Finance Charges:		$30.00
Note Principal:		$10,030.00
Prepaid Finance Charges:		$30.00
Financed: $30.00 Loan Fees	$30.00	
Amount Financed:		$10,000.00

Principal Amount: $10,030.00 **Interest Rate:** 10.500% **Date of Note:** April 23, 1996

PROMISE TO PAY. I promise to pay to OLD NATIONAL BANK IN EVANSVILLE ("Lender"), or order, in lawful money of the United States of America, the principal amount of Ten Thousand Thirty & 00/100 Dollars ($10,030.00), together with interest at the rate of 10.500% per annum on the unpaid principal balance from April 23, 1996, until paid in full.

PAYMENT. I will pay this loan in one principal payment of $10,030.00 plus interest on June 22, 1996. This payment due June 22, 1996, will be for all principal and accrued interest not yet paid. Interest on this Note is computed on a 365/365 simple interest basis; that is, by applying the ratio of the annual interest rate over the number of days in a year (365 during leap years), multiplied by the outstanding principal balance, multiplied by the [illegible] at such other rate as Lender may

SCHEDULE C-1
Federal Election Commission
Washington, D.C. 20463

Supplementary for Information found on Page _/_ of Schedule C

SCHEDULE C-1
Federal Election Commission
Washington, D.C. 20463

Exhibit "C"

Supplementary for Information found on Page 1 of Schedule C

LOANS AND LINES OF CREDIT FROM LENDING INSTITUTIONS

NAME OF COMMITTEE (IN FULL)	FEC IDENTIFICATION NUMBER
WEINZAPFEL FOR CONGRESS	C00305813

FULL NAME, MAILING ADDRESS AND ZIP CODE OF LENDING INSTITUTION (LENDER)	AMOUNT OF LOAN	INTEREST RATE (APR)
Old National Bank in Evansville State Street Office - Commercial Loans 705 State Street Newburgh, IN 47630	8,000.00	11.549
	DATE INCURRED OR ESTABLISHED 6-22-96	DATE DUE 8-21-96

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

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

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

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

What is the value of this collateral? _____

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

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

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

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

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

Unsecured

G. COMMITTEE TREASURER		DATE
TYPED NAME Roselle Weinzapfel	SIGNATURE Roselle Weinzapfel	7-15-96

H. Attach a signed copy of the loan agreement.

I. TO BE SIGNED BY THE LENDING INSTITUTION:

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

II. The loan was made on terms and conditions (including interest rate) no more favorable at the time than those imposed for similar extensions of credit to other borrowers of comparable credit worthiness

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

AUTHORIZED REPRESENTATIVE	TITLE	DATE
Jeffrey S. Kincaid TYPED NAME SIGNATURE	Assistant Vice President	7-12-96

FEC/NB 12/81

PROMISSORY . . . AND DISCLOSURE

Principal	Loan Date	Maturity	Loan No	Call	Collateral	Account	Officer	Initials
$8,000.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			

Exhibit "D"

PROMISSORY . . . AND DISCLOSURE

Principal	Loan Date	Maturity	Loan No	Call	Collateral	Account	Officer	Initials
$8,000.00	06-22-1996	06-21-1996	1610001327A	223	00		142	

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Borrower: JONATHAN D. WEINZAPFEL
10000 MIDDLE MT. VERNON RD
MT. VERNON, IN 47620

Lender: OLD NATIONAL BANK IN EVANSVILLE
STATE STREET OFFICE – COMMERCIAL LOANS
700 STATE STREET
NEWBURGH, IN 47630

ANNUAL PERCENTAGE RATE The cost of my credit as a yearly rate.	FINANCE CHARGE The dollar amount the credit will cost me.	Amount Financed The amount of credit provided to me or on my behalf.	Total of Payments The amount I will have paid after I have made all payments as scheduled.
11.549%	$151.31	$7,970.00	$8,121.31

PAYMENT SCHEDULE. My payment schedule will be one payment of $8,121.31 on August 21, 1996.

SECURITY. This loan is unsecured except for Lender's security interest and other rights in my deposit accounts.

PREPAYMENT. If I pay off early, I will not be entitled to a refund of the prepaid finance charges, and I may have to pay a minimum finance charge.

I will look at my contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

Amount Financed Itemization

Amount paid on my account: $8,000.00 Payment on Loan # 1610001204		$8,000.00
Note Principal:		$8,000.00
Prepaid Finance Charges:		$30.00
In Cash: $30.00 Loan Fees	$30.00	
Amount Financed:		$7,970.00

Principal Amount: $8,000.00 **Interest Rate:** 9.250% **Date of Note:** June 22, 1996

PROMISE TO PAY. I promise to pay to OLD NATIONAL BANK IN EVANSVILLE ("Lender"), or order, in lawful money of the United States of America, the principal amount of Eight Thousand & 00/100 Dollars ($8,000.00), together with interest at the rate of 9.250% per annum on the unpaid principal balance from June 22, 1996, until paid in full.

PAYMENT. I will pay this loan in one principal payment of $8,000.00 plus interest on August 21, 1996. This payment due August 21, 1996, will be for all principal and accrued interest not yet paid. Interest on this Note is computed on a 365/365 simple interest basis; that is, by applying the ratio of the annual interest rate over the number of days in a year (366 during leap years), multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. I will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing. Unless otherwise agreed or required by applicable law, payments will be applied first to accrued unpaid interest, then to principal, and any remaining amount to any unpaid collection costs and late charges.

PREPAYMENT; MINIMUM FINANCE CHARGE. I agree that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. In any event, even upon full prepayment of this Note, I understand that Lender is entitled to a minimum finance charge of $30.00. Other than my obligation to pay any minimum finance charge, I may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless

SCHEDULE C
(Revised 2/90)

Exhibit "E"

LOANS

Page 1 of 1 for
LINE NUMBER _____
(Use separate schedule for each numbered line)

Name of Committee (in Full)
WEINZAPFEL FOR CONGRESS

A. Full Name, Mailing Address and ZIP Code of Loan Source	Original Amount of Loan	Cumulative Payment To Date	Balance Outstanding at Close of This Period
Old National Bank in Evansville 705 State Street Newburgh, IN 47630 Election: Primary X General Other (specify):	10,000.00	10,000.00	-0-

Terms: Date Incurred 4-23-96 Date Due 6-22-96 Interest Rate 12.3287 %(apr) Secured No

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

1. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Amount Guaranteed Outstanding
Jonathan D. Weinzapfel 10600 Middle Mt. Vernon Road Mt. Vernon, IN 47620	Old National Bank On Leave $ -0-
2. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Amount Guaranteed Outstanding: $
3. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Amount Guaranteed Outstanding: $

B. Full Name, Mailing Address and ZIP Code of Loan Source	Original Amount of Loan	Cumulative Payment To Date	Balance Outstanding at Close of This Period
Old National Bank in Evansville 705 State Street Newburgh, IN 47630 Election: Primary X General Other (specify):	8,000.00	-0-	8,000.00

Terms: Date Incurred 6-22-96 Date Due 8-21-96 Interest Rate 11.34% %(apr) Secured No

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

1. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Amount Guaranteed Outstanding
Jonathan D. Weinzapfel 10600 Middle Mt. Vernon Road Mt. Vernon, IN 47620	Old National Bank On Leave $ 8,000.00
2. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Amount Guaranteed Outstanding: $
3. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Amount Guaranteed Outstanding: $

SUBTOTALS This Period This Page (optional)	
TOTALS This Period (last page in this line only)	8,000.00

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

SCHEDULE C-1
Federal Election Commission

Supplementary for Information

FEDERAL ELECTION COMMISSION
Washington, DC 20463

July 31, 1996

Maria Cino, Executive Director
National Republican Congressional Committee
320 First Street, SE
Washington, DC 20003

RE: MUR 4419

Dear Ms. Cino:

This letter acknowledges receipt on July 29, 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 4419. 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

9704382030 7

FEDERAL ELECTION COMMISSION
Washington, DC 20463

July 31, 1996

Roselle Weinzapfel, Treasurer
Weinzapfel for Congress
P.O. Box 6893
Evansville, IN 47719

RE: MUR 4419

Dear Ms. Weinzapfel:

The Federal Election Commission received a complaint which indicates that Weinzapfel for Congress ("Committee") and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4419. 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.

97043820308

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

9704382030 9

FEDERAL ELECTION COMMISSION
Washington, DC 20463

July 31, 1996

Jonathan David Weinzapfel
10600 Middle Mt. Vernon Road
Mt. Vernon, IN 47670

RE: MUR 4419

Dear Mr. Weinzapfel:

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 4419. 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.

9704382031C

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

97043820311

FEDERAL ELECTION COMMISSION
Washington, DC 20463

July 31, 1996

Jeffrey S. Kincaid, Assistant Vice President
Old National Bank in Evansville
705 State Street
Newburgh, IN 47630

RE: MUR 4419

Dear Mr. Kincaid:

The Federal Election Commission received a complaint which indicates that the Old National Bank in Evansville 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 4419. 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 Old National Bank in Evansville 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.

9704382031 2

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

9704382031 3

ZIEMER, STAYMAN, WEITZEL & SHOULDERS
ATTORNEYS AT LAW
20 N. W. FIRST STREET · P. O. BOX 916
EVANSVILLE, INDIANA 47706-0916

TELEPHONE (812) 424-7575
FACSIMILE (812) 421-5089

TED C. ZIEMER, JR.
ROBERT F. STAYMAN
STEPHAN E. WEITZEL
PATRICK A. SHOULDERS
WM. MICHAEL SCHIFF
MARCO L. DELUCIO
GREGORY G. MEYER
STEVEN K. HAHN
REBECCA T. KASHA
GARY K. PRICE
MARY LEE FRANKE
DAVID A. GUERRETTAZ
ROBERT L. BURKART

JOHN E. EARLY
(1912-1983)

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
AUG 12 10 57 AM '96

97043820314

August 7, 1996

Colleen T. Sealander, Esq.
Central Enforcement Docket
FEDERAL ELECTION COMMISSION
Washington, DC 20463

Re: MUR 4419

Dear Ms. Sealander:

Enclosed herewith please find the Statement of Designation of Counsel for the Respondent, Old National Bank in Evansville in the above-numbered matter.

Very truly yours,

ZIEMER, STAYMAN, WEITZEL & SHOULDERS

Robert F. Stayman

RFS/dlh

STATEMENT OF DESIGNATION OF COUNSEL

MUR 4419

NAME OF COUNSEL: ROBERT F. STAYMAN

FIRM: ZIEMER, STAYMAN, WEITZEL & SHOULDERS

ADDRESS: 20 N.W. FIRST STREET
P.O. BOX 916
EVANSVILLE, IN 47706-0916

TELEPHONE: (812) 424-7575
FAX: (812) 421-5089

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
AUG 12 10 57 AM '96

9704382031 5

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.

DATE: 8-7-96

OLD NATIONAL BANK IN EVANSVILLE

By _____
Stephen N. Deputy, Vice President-
Branch Administration

RESPONDENT'S NAME: OLD NATIONAL BANK IN EVANSVILLE

ADDRESS: 420 MAIN STREET
EVANSVILLE, IN 47708

TELEPHONE: BUSINESS: (812) 464-1326
HOME: (812) 473-2019

ZIEMER, STAYMAN, WEITZEL & SHOULDERS
ATTORNEYS AT LAW
20 N.W. FIRST STREET - P.O. BOX 916
EVANSVILLE, INDIANA 47706-0916

TELEPHONE (812) 424-7575
FACSIMILE (812) 421-5089

TED C. ZIEMER, JR.
ROBERT F. STAYMAN
STEPHAN E. WEITZEL
PATRICK A. SHOULDERS
WM. MICHAEL SCHIFF
MARCO L. DeLUCIO
GREGORY G. MEYER
STEVEN K. HAHN
REBECCA T. KASHA
GARY K. PRICE
MARY LEE FRANKE
DAVID A. GUERRETTAZ
ROBERT L. BURKART

JOHN E. EARLY
(1912-1983)

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
AUG 15 10 20 AM '96

August 14, 1996

Via Federal Express
Colleen T. Sealander, Esq.
Central Enforcement Docket
FEDERAL ELECTION COMMISSION
999 E Street, NW
Washington, DC 20463

Re: Weinzapfel and Weinzapfel for Congress Campaign Committee
Mur 4419

Dear Ms. Sealander:

Enclosed herewith please find an original and one copy of the Response of Old National Bank and supporting Affidavit of Jeffrey S. Kincaid in the above-numbered matter.

Very truly yours,

ZIEMER, STAYMAN, WEITZEL & SHOULDERS

Robert F. Stayman

RFS/dlh
Enclosures
xc: Jeffrey S. Kincaid w/encls.
Stephen Deputy w/encls.

9704382031 6

BEFORE THE FEDERAL ELECTION COMMISSION
OF THE UNITED STATES OF AMERICA

In the Matter of:	)	
	)	
Jonathan Weinzapfel	)	MUR 4419
and Weinzapfel For Congress Campaign	)	
Committee	)	

RESPONSE OF OLD NATIONAL BANK IN EVANSVILLE
TO
COMPLAINT OF
NATIONAL REPUBLICAN CONGRESSIONAL COMMITTEE

Comes now Old National Bank in Evansville ("ONB"), by Robert F. Stayman, its counsel, and submits the following response to the Complaint filed by the National Republican Congressional Committee (the "Committee") on July 29, 1996, alleging violations of the Federal Election Campaign Act of 1971 (the "Act") and Regulations issued pursuant thereto (the "Regulations"). Submitted of even date herewith is the Affidavit of Jeffrey S. Kincaid, an Assistant Vice President at ONB (the "Kincaid Affidavit").

I. FACTS

The facts and circumstances surrounding the incidents complained of by the Committee are accurately set out in the Kincaid Affidavit. It is to be noted that the facts as set out by the Committee in its Complaint contain two (2) giaring errors:

1. The total amount loaned by ONB to Jonathan D. Weinzapfel ("Weinzapfel") is Ten Thousand Dollars ($10,000.00), and not Eighteen Thousand Dollars ($18,000.00) as the Committee would have us believe. In fact, the Eight Thousand Dollar ($8,000.00) Note was a renewal and restructuring of the original Ten Thousand Dollar ($10,000.00) Note. Kincaid Affidavit, Paragraphs 6 and 9.

2. The interest rates on the two (2) Notes which represent the loan to Weinzapfel are ten and one-half percent (10.50%) and nine and one-quarter (9.25%),

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respectively. The Committee has inaccurately cited to the Commission the "annual percentage rates" of the two Notes. An "annual percentage rate" is a method of expressing the simple interest rate based upon the amount of interest actually paid during the term of the obligation. Its disclosure is required by the Consumer Credit Protection Act and Regulation Z. Kincaid Affidavit Exhibits "B" and "E."

II. ARGUMENT

1. THE FEDERAL ELECTION CAMPAIGN ACT OF 1971 DOES NOT REQUIRE SECURED LENDING TO POLITICAL CANDIDATES.

Much is made in the Committee's Complaint of the Regulations (11 CFR 100.7 and 100.8) which purport to require collateralization of a loan to a political candidate. When read in their entirety, these Regulations, in describing a secured loan, remove such loan from the definitions of "contribution" or "expenditure."

Curiously, the Act itself requires no such security. The applicable language which removes a "loan of money" by a banking institution from the definition of "contribution," is that it be

> ". . . made in accordance with applicable law and the ordinary course of business, but such loan -
>
> * * *
>
> II. Shall be made on a basis which assures repayment, evidenced by a written instrument, and subject to a due date or amortization schedule; and
>
> III. Shall bear the usual and customary interest rate of the lending institution; . . . 12 U.S.C.§431(8)(B)(vii).

ONB cannot quarrel with the literal language of the Regulations per se. Whether they require collateralization in the case of all loans to political candidates, is another matter entirely. The language which appears to be causing confusion is the language

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which requires that the loan ". . . be made on a basis which assures repayment, evidenced by a written instrument, . . . " 12 U.S.C. §431(8)(B)(vii)(II).

This Section must be read in the context of applicable state law. Loan documentation in every state in the union is governed by the Uniform Commercial Code ("UCC"). The UCC, and in particular Article 3 thereof, which deals with negotiable instruments, has been adopted in Indiana as I.C. 26-1-3-103 et. seq.

When the applicable provisions of UCC Article 3 are examined, it is clear that the "instrument" contained in the language of the Act refers to the promissory note, and not to any document which creates a security interest. As set out in applicable Indiana law, "instrument" means a "negotiable instrument." I.C. 26-1-3-102(1)(e). The document which creates a secured loan by agreement between debtor and secured party is called a "security agreement" (I.C. 26-1-9-105(h)), and not an "instrument."

Clearly, it is the instrument which must "assure repayment," in the words of the Act. The object of this requirement in the context of a political campaign is clear: to provide that the promise to repay the "loan" to the candidate is not contingent upon the occurrence of certain events (i.e., favorable election results). All that is required, in this context, is that the document evidencing the obligation (the note) contain an unconditional promise to pay. In this regard, Exhibits "B" and "E" to the Kincaid Affidavit cannot be more clear:

> PROMISE TO PAY. I promise to pay to OLD NATIONAL BANK IN EVANSVILLE ("Lender"), or order, in lawful money of the United States of America, the principal amount of Ten Thousand Thirty & 00/100 Dollars ($10,030.00), together with interest at the rate of 10.500% per annum on the unpaid principal balance from April 23, 1996, until paid in full.

Support for this position is found in the further language of the subsection of the Federal Election Campaign Act in question, which further requires that the "written instrument" be subject to a "due date or amortization schedule; . . . " all of which terms relate to a promissory note, and not to a security agreement or other collateral document.

Surely, and notwithstanding the language of the regulations, to hold that it is

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federally required that a loan to a candidate be secured is to make a mockery of the business of banking. Without doubt, bankers are entitled to make a loan to a customer of their choice, as long as (and as is required by federal law) the obligation evidencing the loan contains an "assurance of payment."

It is beyond cavil that no amount of collateral for any obligation, however large or small, will "assure repayment." Ownership of collateral can be questioned, collateral can rise or fall sharply in value, and various laws and regulations regarding debtors' rights intervene to prevent ultimate repayment. To "assure repayment" by means of security is impossible; no one in the world of banking or finance will be heard to say otherwise.

2. WHAT ARE THE REAL REQUIREMENTS OF THE ACT?

No one will argue with the proposition that the purpose of the Act is twofold:

A. To prevent disguised political contributions in the form of loans; and

B. To prevent favorable treatment by banks to political candidates.

In this regard, the provisions of 2 U.S.C. §431(8)(B)(vii) can be synthesized as follows: the loan must be in the ordinary course of business, made on a basis which assures repayment, which is evidenced by a written instrument, and must bear interest at the usual rate of the lending institution.

When these three criteria are examined separately, it is clear that the ONB violated neither the spirit nor the letter of the Act:

A. Was the loan in the ordinary course of business?

As the Kincaid Affidavit makes clear, the loan to Weinzapfel is one of many that Kincaid has made during his experience as a banker. The loan is in complete accordance with ONB's applicable loan standards (Kincaid Affidavit, Exhibit

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"G"), and, putting aside for the moment the Complaint of the Committee, does not violate any applicable federal or state banking loan or regulation.

Indeed, the Committee has demonstrated nothing to the contrary. Kincaid Affidavit, Paragraph 4. Kincaid, in his capacity as a loan officer of ONB, was approached by Weinzapfel, an acquaintance of many years, and on that basis, and on the basis of ONB's loan standards, determined to make the loan. Kincaid Affidavit, Paragraphs 5 and 11. He asked for and received a financial statement, ordered a credit bureau report, and, on that basis, determined to make the loan. It is respectfully submitted that to assert that Kincaid knew, on April 23, 1996, that the ten thousand dollar loan would enable Weinzapfel "to unexpectedly prevail, by a narrow margin, in a closely contested primary election," as the Committee would have us believe, is ludicrous.

B. Does the loan documentation "assure repayment, evidenced by a written instrument, and subject to a due date or amortization schedule?"

While this specific detail is discussed above, it bears repeating that the two notes in question both contain unconditional promises to repay. This is no more than is required for any negotiable instrument under Indiana law. A cursory glance at the Notes attached to the Kincaid Affidavit clearly indicate that they are signed by the maker, contain unconditional promises to pay, are payable at a definite time, and are payable to order or to bearer. This is nothing more than Indiana law requires. I.C. 26-1-3-104(1).

In addition, due dates are clearly stated on both obligations. It is submitted that nothing more is required, either under Indiana law or the applicable provisions of the Act.

Admittedly, there is a dearth of authority as to the exact meaning of an assurance of what is meant to "assure repayment." Most cases, however, have held that an "assurance," or "to assure," means a solemn promise or declaration. See, e.g.,

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VanHook v. Southern California Waiters Alliance (1958), 158 Cal.App. 2d 556, 323 P.2d 212; Chanin v. Chevrolet Motor Co. (7th Cir.), (1937), 89 F.2d 889.

Moreover, in a bankruptcy context, it has been specifically held that an "adequate assurance of payment requires only that a utility company receive such assurance as is sufficient to protect its interests, and does not require payment of security." In re Penn Jersey Corp. (E.D.Pa., 1981), 72 B.R. 981.

C. Did the loan "bear the usual and customary interest rate of the lending institution"?

As the Kincaid Affidavit indicates, ONB's "chart rate" available on the day the loan and its renewal were made, were the exact rates set out in the Promissory Note. Kincaid Affidavit, Paragraphs 8 and 10. Weinzapfel received nothing more than the rate that was offered to other ONB customers for loans of this type and in this amount. In short, the loan and its documentation can be searched in vain for the slightest evidence of any favoritism or promise of exceptional treatment.

III. CONCLUSION

In view of the foregoing, and as evidenced by the Kincaid Affidavit, it is clear that the allegations of the Committee as set out in its Complaint are totally without merit. It is respectfully submitted that this matter should be dismissed.

Respectfully submitted,

ZIEMER, STAYMAN, WEITZEL & SHOULDERS

By _____

Robert F. Stayman
20 N.W. First Street
P.O. Box 916
Evansville, IN 47708-0916
Telephone: (812) 424-7575

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BEFORE THE FEDERAL ELECTION COMMISSION
OF THE UNITED STATES OF AMERICA

In the Matter of:	)	
	)	
Jonathan Weinzapfel	)	MUR 4419
and Weinzapfel For Congress Campaign	)	
Committee	)	

AFFIDAVIT OF JEFFREY S. KINCAID

STATE OF INDIANA)
) SS:
COUNTY OF VANDERBURGH)

Jeffrey S. Kincaid, being first duly sworn upon his oath, deposes and says as follows:

1. I am an individual over the age of eighteen (18) years, I reside at as such, I am competent to execute this Affidavit. I make this Affidavit in support of the Response of Old National Bank in Evansville ("ONB") in the above-captioned proceeding.

2. I am an Assistant Vice President at ONB and am currently the Manager of ONB's State Street Branch. I have personal knowledge of the facts and circumstances set out below.

3. I have been in the business of banking for approximately eleven (11) years. In the course of my experience as a banker, I have made approximately two hundred (200) unsecured loans.

4. I have known Jonathan Weinzapfel ("Weinzapfel") since high school. I knew him all through my high school years, and I played with him on the high school football team. I was his roommate for one (1) year in college. I have never undertaken any political or fund raising activities on Weinzapfel's behalf. My sole connection to his campaign for office was a small contribution and my vote on May 7, 1996.

5. In April, 1996, Weinzapfel approached me seeking a short-term loan in the amount of Ten Thousand Dollars ($10,000.00). In support of his request, he submitted a personal financial statement, a copy of which is attached hereto as Exhibit

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"A." In accordance with normal banking procedure, I procured a credit report from the local Credit Bureau. The report indicates that Weinzapfel's credit rating is excellent. On the basis of Weinzapfel's financial statement, his credit report, and my longstanding knowledge and respect for him, I determined to make him the loan. In my previous experience in banking, I have never made a loan to a candidate for political office.

6. On April 23, 1996, Weinzapfel executed and delivered to me a Promissory Note in the amount of Ten Thousand Dollars ($10,000.00) (the "First Note"). The First Note bears interest at the rate of ten and one-half (10.50%) percent. A copy of the First Note is attached hereto as Exhibit "B."

7. Weinzapfel had previously indicated to me that another source of payment for the Loan would be with campaign funds raised by his political committee. He memorialized this representation in a letter to me of even date therewith, a copy of which is attached hereto as Exhibit "C."

8. The initial interest rate of ten and one-half percent (10.50%) was in accordance with rates customarily charged by ONB to customers for loans of this type. A copy of ONB's then effective rate chart is attached hereto as Exhibit "D." Highlighted in yellow is the rate applicable to loans of the type here involved, on the date of execution.

9. On June 22, 1996, Weinzapfel repaid Two Thousand Dollars ($2,000.00) of the original obligation under the First Note. The First Note was renewed by a Promissory Note dated of even date therewith in the original principal amount of Eight Thousand Dollars ($8,000.00) (the "Second Note"). The Second Note bears interest at the rate of nine and one-quarter percent (9.25%) per annum. Renewal of the First Note is common in such circumstances. A copy of the Second Note is attached hereto as Exhibit "E."

10. The interest rate on the Second Note of nine and one-quarter percent (9.25%) was in accordance with rates customarily charged by ONB to customers of this type. A copy of ONB's then effective rate charge is attached hereto as Exhibit "F." Highlighted in green is the rate applicable to loans of the type here involved, on the date of execution.

11. Attached hereto as Exhibit "G" is a copy of the relevant page from ONB's

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loan standards regarding unsecured loans. On the dates of the First and Second Notes, Weinzapfel, in my opinion and based upon my prior experience, met the criteria for unsecured loans described in Exhibit "G."

12. I have reviewed the Schedules C-1 attached as Exhibits "A" and "C" to the Complaint filed by the National Republican Congressional Committee in this matter. My signature appears on both documents. These documents were prepared by Weinzapfel's campaign treasurer, and my signature appears in the lower left-hand corner. The representation contained on Exhibit "C," in paragraph A thereof, that the loan has not been restructured, is in error. Although I reviewed both documents, I did not notice this error. Had I noticed the same during my review, I would have asked that it be changed.

13. As of the date of my execution of this Affidavit, the loan represented by the Second Note has been paid in full, with accrued interest.

AND FURTHER AFFIANT SAYETH NOT.

Jeffrey S. Kincaid

STATE OF INDIANA)
) SS:
COUNTY OF VANDERBURGH)

Before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within-named Jeffrey S. Kincaid, who acknowledged the execution of the foregoing as his personal act and deed and for the purposes therein contained.

Signature of Notary Public

DIANE L. HENKE

Printed Name of Notary Public

My Commission Expires: 11-2-96

County of Residence: Vanderburgh

Robert F. Stayman, Esq.
ZIEMER, STAYMAN, WEITZEL & SHOULDERS
20 N.W. First Street, P.O. Box 916
Evansville, IN 47706-0916
Telephone: (812) 424-7575

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MEMBER OLD NATIONAL BANCORP

PROMISSORY NOTE AND DISCLOSURE

Principal	Loan Date	Maturity	Loan No	Call	Collateral	Account	Officer	Initials
$10,030.00	04-23-1996	06-22-1996	1810001327	223	00		142	

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Borrower: JONATHAN D. WEINZAPFEL
10600 MIDDLE MT. VERNON RD
MT. VERNON, IN 47620

Lender: OLD NATIONAL BANK IN EVANSVILLE
STATE STREET OFFICE - COMMERCIAL LOANS
705 STATE STREET
NEWBURGH, IN 47630

ANNUAL PERCENTAGE RATE The cost of my credit as a yearly rate.	FINANCE CHARGE The dollar amount the credit will cost me.	Amount Financed The amount of credit provided to me or on my behalf.	Total of Payments The amount I will have paid after I have made all payments as scheduled.
12.328%	$202.65	$10,000.00	$10,202.65

PAYMENT SCHEDULE. My payment schedule will be one payment of $10,202.65 on June 22, 1996.

SECURITY. This loan is unsecured except for Lender's security interest and other rights in my deposit accounts.

PREPAYMENT. If I pay off early, I will not be entitled to a refund of the prepaid finance charges, and I may have to pay a minimum finance charge.

I will look at my contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

Amount Financed Itemization

Amount paid to me directly: $10,000.00 Lender's Check # 10534		$10,000.00
Total Financed Prepaid Finance Charges:		$30.00
Note Principal:		$10,030.00
Prepaid Finance Charges:		$30.00
Financed: $30.00 Loan Fees	$30.00	
Amount Financed:		$10,000.00

Principal Amount: $10,030.00 Interest Rate: 10.500% Date of Note: April 23, 1996

PROMISE TO PAY. I promise to pay to OLD NATIONAL BANK IN EVANSVILLE ("Lender"), or order, in lawful money of the United States of America, the principal amount of Ten Thousand Thirty & 00/100 Dollars ($10,030.00), together with interest at the rate of 10.500% per annum on the unpaid principal balance from April 23, 1996, until paid in full.

PAYMENT. I will pay this loan in one principal payment of $10,030.00 plus interest on June 22, 1996. This payment due June 22, 1996, will be for all principal and accrued interest not yet paid. Interest on this Note is computed on a 365/365 simple interest basis; that is, by applying the ratio of the annual interest rate over the number of days in a year (366 during leap years), multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. I will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing. Unless otherwise agreed or required by applicable law, payments will be applied first to accrued unpaid interest, then to principal, and any remaining amount to any unpaid collection costs and late charges.

PREPAYMENT; MINIMUM FINANCE CHARGE. I agree that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. In any event, even upon full prepayment of this Note, I understand that Lender is entitled to a minimum finance charge of $30.00. Other than my obligation to pay any minimum finance charge, I may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve me of my obligation to continue to make payments under the payment schedule. Rather, they will reduce the principal balance due.

LATE CHARGE. If a payment is 10 days or more late, I will be charged $14.50. This late charge is subject to change as provided in Indiana Code Section 24-4.5-1-106.

DEFAULT. I will be in default if any of the following happens: (a) I fail to make any payment when due. (b) I break any promise I have made to Lender, or I fail to comply with or to perform when due any other term, obligation, covenant, or condition contained in this Note or any agreement related to this Note, or in any other agreement or loan I have with Lender. (c) Any representation or statement made or furnished to Lender by me or on my behalf is false or misleading in any material respect either now or at the time made or furnished. (d) I die or become insolvent, a receiver is appointed for any part of my property, I make an assignment for the benefit of creditors, or any proceeding is commenced either by me or against me under any bankruptcy or insolvency laws. (e) Any creditor tries to take any of my property on or in which Lender has a lien or security interest. This includes a garnishment of any of my accounts with Lender. (f) Any of the events described in this default section occurs with respect to any guarantor of this Note. (g) Lender in good faith deems itself insecure.

LENDER'S RIGHTS. Lender may do any of the following, in addition to any other rights Lender has, if I am in default: (a) Lender may declare my entire loan immediately due, without notice. I will then pay Lender the unpaid part of the Principal Amount, any interest that is earned but unpaid, and any reasonable collection costs. (b) If Lender declares my entire loan immediately due after a default, or upon final maturity, then the total sum due under this Note will bear interest from the date of acceleration or maturity at the interest rate on this Note. (c) Lender may hire or pay someone else to help collect my loan if I do not pay. I also will pay Lender that amount. This includes, subject to any limits under the Indiana Uniform Consumer Credit Code, Lender's reasonable attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including without limitation all reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. However, I only will pay reasonable attorneys' fees of an attorney not a salaried employee of Lender, to whom the matter is referred after my default. If not prohibited by applicable law, I also will pay any court costs, in addition to all other sums provided by law. This Note will be repaid under all circumstances without relief from any Indiana or other valuation and appraisement laws. This Note has been delivered to Lender and accepted by Lender in the State of Indiana. If there is a lawsuit, I agree upon Lender's request to submit to the jurisdiction of the courts of WARRICK County, the State of Indiana. Lender and I hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or me against the other. This Note shall be governed by and construed in accordance with the laws of the State of Indiana.

DISHONORED ITEM FEE. I will pay a fee to Lender of $20.00 if I make a payment on my loan and the check or preauthorized charge with which I pay is later dishonored.

RIGHT OF SETOFF. I grant to Lender a contractual possessory security interest in, and hereby assign, convey, deliver, pledge, and transfer to Lender all my right, title and interest in and to, my accounts with Lender (whether checking, savings, or some other account), including without limitation all accounts held jointly with someone else and all accounts I may open in the future, excluding however all IRA and Keogh accounts, and all trust accounts for which the grant of a security interest would be prohibited by law. I authorize Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on this Note against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided on this paragraph.

COLLATERAL. To the extent collateral previously has been given to Lender by any person which may secure this loan, whether directly or indirectly, it is specifically agreed that all such collateral consisting of household goods [illegible]

right of rescission under Truth in Lending for this loan, such collateral also will not secure this loan unless and until all required notices of that right have been given.

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

PRIOR TO SIGNING THIS NOTE, I READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. I AGREE TO THE TERMS OF THE NOTE AND ACKNOWLEDGE RECEIPT OF A COMPLETED COPY OF THE NOTE.

BORROWER:

x Jonathan Weinzapfel
JONATHAN D. WEINZAPFEL

LENDER:

OLD NATIONAL BANK IN EVANSVILLE

By: _____
Authorized Officer

Fixed Rate. Single Pay. LASER PRO, Reg. U.S. Pat. & T.M. Off., Ver. 3.20b (c) 1996 CFI ProServices, Inc. All rights reserved. [IN-D20 E3.21 F3.21 P3.21 0001327 LN C82 OVL]

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Weinzapfel 96

April 23, 1996

Mr. Jeff Kincaid
Old National Bank
705 State Street
Newburgh, IN 47630

Dear Jeff:

This is a promissory note for Loan #1810001327 which is in the amount of $10,000 to Weinzapfel for Congress, Roselle Weinzapfel treasurer.

Weinzapfel for Congress will pay the full amount of the loan plus interest based on current interest rates. The committee expects to raise $100,000 to meet its budget for the primary election.

The loan will be paid either by the committee or myself by the due date stated on the loan agreement.

Sincerely,

Jonathan Weinzapfel

Jonathan Weinzapfel
Candidate

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EXHIBIT "C"

Jonathan Weinzapfel for Congress Post Office Box 6893 Evansville, Indiana 47719-0893 Phone (812) 422-0749

Paid for by the Weinzapfel for Congress Committee Roselle Weinzapfel, Treasurer Approved by Jonathan Weinzapfel

EFFECTIVE 2-2-96

COMMERCIAL, CONSUMER, AND MORTGAGE LOAN RATE CHART

ONB PRIME 8.25%
EFFECTIVE 2-2-96

		UNSECURED LOANS & LAC's	SECURED LOANS & LAC's
ALL PERSONAL LOANS (FIXED SHORT TERM NOTES ONLY)			
1,000	$ 1,999	11.50%	11.75%
2,000	$ 49,999	10.50%	11.25%
ALL OTHER LOANS (FLOATING)			
2,000 $ 99,999		PRIME + 2.00%	PRIME + 2.25%
100,000-$249,999		PRIME + 1.75%	PRIME + 2.00%
250,000-$499,999		PRIME + 1.50%	PRIME + 1.75%
500,000 AND OVER		To be negotiated but not less than PRIME	

MARKETABLE SECURITIES & CVLI
Loans in excess of $25,000 secured by Gov't bonds and listed securities will have a rate of prime, loans secured by C.V.L.I. will have a rate of 1/4% below the listed unsecured rate

SAVINGS
Loans secured by ONB savings accounts will be charged 2% over the rate being paid on the savings instrument or Prime rate whichever is greater. Loans secured by savings with another institution will be charged ONB Prime but never less than 2% above the rate paid on the savings instrument

CONSUMER CREDIT RATES EFFECTIVE (2-7-96)

	$ OR YEAR MODELS	DIRECT LOANS	DEALER RETENTION RATE	MAXIMUM MAURITY
[redacted]	1996	8.10%	8.25%	Up to 60 MONTHS
[redacted]	1995	9.00%	8.75%	Up to 60 MONTHS
[redacted]	1994	9.00%	8.75%	60 MONTHS
	1993	9.50%	9.25%	48 MONTHS
	1992	9.50%	9.25%	36 MONTHS
	1991	10.75%	10.50%	36 MONTHS
	1990	10.75% *	10.50% *	36 MONTHS
*Add .50% for each year after 1990				
PIANO & ORGAN		11.50%	11.50%	60 MONTHS
		12.50%	12.50%	120 MONTHS
SATELLITE SYSTEMS		12.50%	12.50%	60 MONTHS
HOME		10.75%	11.75%	UP TO 36 MONTHS
IMPROVEMENTS		10.75%	12.25%	48 MONTHS
		10.75%	12.75%	60 MONTHS
		11.25%	13.75%	84 MONTHS
		11.25%	14.75%	120 MONTHS
MOBILE HOMES	NEW 20% down	12.75%	11.50%	180 MONTHS
	USED 20% down	13.75%	12.25%	96 MONTHS
BOATS & RVS	NEW	10.90%	10.90%	60 MONTHS
	NEW	11.50%	11.50%	84 MONTHS
	USED	11.90%	11.90%	60 MONTHS
[redacted] MISC. (OVER $1,000)		13.25%	N.A.	36 MONTHS
[redacted] to 80% of Value)		12.40%	N.A.	36 MONTHS
		13.40%	N.A.	84 MONTHS
HEAVY TRUCKS (FULL RECOURSE)	NEW	N.A.	11.25%	36 MONTHS
	NEW	N.A.	11.50%	48 MONTHS
	NEW	N.A.	11.50%	54 MONTHS
	ALL USED	N.A.	13.00%	36 MONTHS
			(Sentran Rates .50% Lower)	
MOTOR-CYCLES	NEW	11.50%	11.50%	48 MONTHS
	USED	12.25%	12.25%	36 MONTHS

****PERSONAL TERM LOANS**
Rates for personal term credit should be obtained from the Main Office Commercial Loan Department.

	FIRST REAL ESTATE RESIDENTIAL	SWING LOANS
RATE	Refer to Mortgage Banking daily rate sheet.	RATE: PRIME + 2% (FIXED) PLUS $125 ORIGINATION FEE
AMOUNT	$10,000 plus (max $203,150)	AMOUNT: $15,000 PLUS (MAX. $180,000)
TERM	up to 30 year amortization (1 Year ARM)	TERM: 90DAY NOTE
INCOME	28%-36%	COLLATERAL: SECURED BY REM ON PROPERTY BEING SOLD.
LOAN/VALUE	up to 95% (over 80% insured to 72% LTV)	
ADJUSTMENTS	*Adjustments will be made annually with a maximum of 1 1/2% per year with a conversion option to a fixed rate in years two thru five. There is a ceiling of 6% over the initial rate and a floor of 1% below the initial rate*	
COMMERCIAL RATES	Rates subject to negotiation depending on size of project, commercial relationship, risk and term of repayment.	
HOME EQUITY RATES	Prime + 2%, Adjusted Monthly as of the first day of each month.	

EXHIBIT "D"

9/0438203229

PROMISSORY NOTE AND DISCLOSURE

Principal	Loan Date	Maturity	Loan No	Call	Collateral	Account	Officer	Initials
$8,000.00	06-22-1996	08-21-1996	1810001327A	223	00		142	

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Borrower: JONATHAN D. WEINZAPFEL
10600 MIDDLE MT. VERNON RD
MT. VERNON, IN 47620

Lender: OLD NATIONAL BANK IN EVANSVILLE
STATE STREET OFFICE – COMMERCIAL LOANS
705 STATE STREET
NEWBURGH, IN 47630

ANNUAL PERCENTAGE RATE The cost of my credit as a yearly rate.	FINANCE CHARGE The dollar amount the credit will cost me.	Amount Financed The amount of credit provided to me or on my behalf.	Total of Payments The amount I will have paid after I have made all payments as scheduled.
11.549%	$151.31	$7,970.00	$8,121.31

PAYMENT SCHEDULE. My payment schedule will be one payment of $8,121.31 on August 21, 1996.

SECURITY. This loan is unsecured except for Lender's security interest and other rights in my deposit accounts.

PREPAYMENT. If I pay off early, I will not be entitled to a refund of the prepaid finance charges, and I may have to pay a minimum finance charge.

I will look at my contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

Amount Financed Itemization

Amount paid on my account: $8,000.00 Payment on Loan # 1810001324		$8,000.00
Note Principal:		$8,000.00
Prepaid Finance Charges:		$30.00
In Cash: $30.00 Loan Fees	$30.00	
Amount Financed:		$7,970.00

Principal Amount: $8,000.00 **Interest Rate:** 9.250% **Date of Note:** June 22, 1996

PROMISE TO PAY. I promise to pay to OLD NATIONAL BANK IN EVANSVILLE ("Lender"), or order, in lawful money of the United States of America, the principal amount of Eight Thousand & 00/100 Dollars ($8,000.00), together with interest at the rate of 9.250% per annum on the unpaid principal balance from June 22, 1996, until paid in full.

PAYMENT. I will pay this loan in one principal payment of $8,000.00 plus interest on August 21, 1996. This payment due August 21, 1996, will be for all principal and accrued interest not yet paid. Interest on this Note is computed on a 365/365 simple interest basis; that is, by applying the ratio of the annual interest rate over the number of days in a year (366 during leap years), multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. I will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing. Unless otherwise agreed or required by applicable law, payments will be applied first to accrued unpaid interest, then to principal, and any remaining amount to any unpaid collection costs and late charges.

PREPAYMENT; MINIMUM FINANCE CHARGE. I agree that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. In any event, even upon full prepayment of this Note, I understand that Lender is entitled to a **minimum finance charge of $30.00.** Other than my obligation to pay any minimum finance charge, I may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve me of my obligation to continue to make payments under the payment schedule. Rather, they will reduce the principal balance due.

LATE CHARGE. If a payment is **10 days or more late,** I will be charged $14.50. **This late charge is subject to change as provided in Indiana Code Section 24-4.5-1-106.**

DEFAULT. I will be in default if any of the following happens: (a) I fail to make any payment when due. (b) I break any promise I have made to Lender, or I fail to comply with or to perform when due any other term, obligation, covenant, or condition contained in this Note or any agreement related to this Note, or in any other agreement or loan I have with Lender. (c) Any representation or statement made or furnished to Lender by me or on my behalf is false or misleading in any material respect either now or at the time made or furnished. (d) I die or become insolvent, a receiver is appointed for any part of my property, I make an assignment for the benefit of creditors, or any proceeding is commenced either by me or against me under any bankruptcy or insolvency laws. (e) Any creditor tries to take any of my property on or in which Lender has a lien or security interest. This includes a garnishment of any of my accounts with Lender. (f) Any of the events described in this default section occurs with respect to any guarantor of this Note. (g) Lender in good faith deems itself insecure.

LENDER'S RIGHTS. Lender may do any of the following, in addition to any other rights Lender has, if I am in default: (a) Lender may declare my entire loan immediately due, without notice. I will then pay Lender the unpaid part of the Principal Amount, any interest that is earned but unpaid, and any reasonable collection costs. (b) If Lender declares my entire loan immediately due after a default, or upon final maturity, then the total sum due under this Note will bear interest from the date of acceleration or maturity at the interest rate on this Note. (c) Lender may hire or pay someone else to help collect my loan if I do not pay. I also will pay Lender that amount. This includes, subject to any limits under the Indiana Uniform Consumer Credit Code, Lender's reasonable attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including without limitation all reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. However, I only will pay reasonable attorneys' fees of an attorney not a salaried employee of Lender, to whom the matter is referred after my default. If not prohibited by applicable law, I also will pay any court costs, in addition to all other sums provided by law. This Note will be repaid under all circumstances without relief from any Indiana or other valuation and appraisement laws. **This Note has been delivered to Lender and accepted by Lender in the State of Indiana. If there is a lawsuit, I agree upon Lender's request to submit to the jurisdiction of the courts of WARRICK County, the State of Indiana. Lender and I hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or me against the other. This Note shall be governed by and construed in accordance with the laws of the State of Indiana.**

DISHONORED ITEM FEE. I will pay a fee to Lender of $20.00 if I make a payment on my loan and the check or preauthorized charge with which I pay is later dishonored.

RIGHT OF SETOFF. I grant to Lender a contractual possessory security interest in, and hereby assign, convey, deliver, pledge, and transfer to Lender all my right, title and interest in and to, my accounts with Lender (whether checking, savings, or some other account), including without limitation all accounts held jointly with someone else and all accounts I may open in the future, excluding however all IRA and Keogh accounts, and all trust accounts for which the grant of a security interest would be prohibited by law. I authorize Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on this Note against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided on this paragraph.

COLLATERAL. To the extent collateral previously has been given to Lender by any person which may secure this loan, whether directly or indirectly, it is specifically agreed that all such collateral consisting of household goods will not secure this loan. In addition, if any collateral requires the giving of a right of rescission under Truth in Lending for this loan, such collateral also will not secure this loan unless and until all required notices of that right have been given.

PRIOR NOTE. COMMERCIAL NOTE #1810001327 FROM JONATHAN D. WEINZAPEL TO OLD NATIONAL BANK DATED APRIL 23, 1996.

EXHIBIT "E"

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

PRIOR TO SIGNING THIS NOTE, I READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. I AGREE TO THE TERMS OF THE NOTE AND ACKNOWLEDGE RECEIPT OF A COMPLETED COPY OF THE NOTE.

BORROWER:

x Jonathan Weinzapfel
JONATHAN D. WEINZAPFEL

LENDER:

OLD NATIONAL BANK IN EVANSVILLE

By: _____
Authorized Officer

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EFFECTIVE 4-24-96 **ONB PRIME 8.25% EFFECTIVE 2-2-96**

COMMERCIAL, CONSUMER, AND MORTGAGE LOAN RATE CHART

ALL PERSONAL LOANS (FIXED SHORT TERM NOTES ONLY)**

	UNSECURED LOANS & L/C'S	SECURED LOANS & L/C'S
$1,000-$1,999	10.25%	10.50%
$2,000—49,999	9.25%	9.50%

ALL OTHER LOANS (FLOATING)

$2,000-$99,999	PRIME +2.00%	PRIME +2.25%
$100,000-$249,999	PRIME +1.75%	PRIME +2.00%
$250,000-$499,999	PRIME +1.50%	PRIME + 1.75%
$500,000 AND OVER	To be negotiated -but not less than PRIME	

MARKETABLE SECURITIES &CVLI

Loans in excess of $25,000 secured by Gov't bonds and listed securities will have a rate of prime, loans secured by C.V.L.I. will have a rate of 1/4% below the listed unsecured rate.

SAVINGS

Loans secured by ONB savings accounts will be charged 2% over the rate being paid on the savings instrument or Prime rate, whichever is greater. Loans secured by savings with another institution will be charged ONB Prime-but never less than 2% above the rate paid on the savings instrument

PERSONAL TERM LOANS

Rates for personal term credit should be obtained from the Main Office Commercial Loan Department.

	FIRST REAL ESTATE RESIDENTIAL	SWING LOANS
RATE	Refer to Mortgage Banking Daily Rate Sheet.	Prime +2% (Fixed) Plus $125 Origination fee.
AMOUNT	No Minimum (Max. $207,000)	$15,000 Plus (max. $100,000)
TERM	Up to 30 year amortization (1 Year ARM) (Fixed Available)	90 Day Note
INCOME	28%-36%	
LOAN/VALUE	Up to 80% 80.01-85% Insured 12% Coverage 85.01-90% Insured 25% Coverage 90.01-97% Insured 30% Coverage	Collateral: secured by First REM on on Owner-Occupied Property Only
ADJUSTMENTS	Adjustments will be made annually with a maximum of 2% per year with a conversion option to a fixed rate in years two thru five. There is a ceiling of 6% over the initial rate.	
COMMERCIAL RATES	Rates subject to negotiation depending on size of project, commercial relationship, risk and term of repayment.	
HOME EQUITY RATES	Prime +2%, Adjusted Monthly as of the first day of each month.	

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COMMERCIAL LOANS

Unsecured Loans

Unsecured loans may be granted to customers demonstrating good financial condition and payment history. Such loans shall have definite and appropriate repayment programs. When extending credit to a closely-held corporation, the bank strongly believes in a guarantee by the principals. An acceptable co-signor may also be necessary to further strengthen the credit. (This cosigner may be a spouse). When lending to an individual, a co-signature or a Letter of Guaranty may also be necessary to further strengthen the credit, particularly when most of the assets are held in joint names. (See Appendix C)

Lines of Credit

Lines of credit will be established for borrowers who need seasonal borrowings or other short-term credit with an annual liquidation pattern. Lines of credit should generally be granted on a 12-month basis and shall be reviewed and reaffirmed each year upon receipt of acceptable financial statements indicating continued financial strength and consistent profitable operations. Lines not retired seasonally, as contemplated, will revert to the status of a loan with a mutually agreeable repayment program established with the borrower. Certain exceptions to the annual line paydown and/or cleanup are recognized due to the nature of operations of specific businesses, i.e. a floor plan line of credit for a car sales company. These exceptions are applicable only to borrowers where such a need for continuous working capital can be logically supported by the loan officer and approved by the Senior Credit Officer.

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RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

BEFORE THE FEDERAL ELECTION COMMISSION 96 AUG 16 12 24 PM '96
OF THE UNITED STATES OF AMERICA

Washington, D.C.

In the matter of	)	
	)	MUR 4419
Jonathan Weinzapfel and Weinzapfel	)	
for Congress Campaign Committee	)	
	)	

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RESPONSE OF JONATHAN WEINZAPFEL TO COMPLAINT OF NATIONAL REPUBLICAN CONGRESSIONAL COMMITTEE

Terry S. Bienstock, P.A.
John A. Thornton, Esq.
Bienstock & Clark
First Union Financial Center
200 S. Biscayne Blvd., Suite 3160
Miami, Florida 33131
Telephone: 305-373-1100
Facsimile: 305-358-1226

August 15, 1996

COMES NOW Jonathan Weinzapfel and Weinzapfel for Congress, by and through undersigned counsel, and submits the following response to the Complaint filed by the National Republican Congressional Committee on July 29, 1996.

I. INTRODUCTION

The above-captioned complaint concerns the race for United States Congress in the Eighth District of Indiana. In this race, the campaign of the incumbent John Hostettler has once before tried to use the procedures of the Federal Election Commission to wrongly harass his challenger Jonathan Weinzapfel. In June, 1996, Hostettler campaign manager Chris Crabtree filed a complaint that, along with naming other alleged violators, falsely accused Weinzapfel for Congress of being behind a press conference/media event allegedly unfavorable to the Hostettler campaign. This allegation had no basis in fact, as the sworn and uncontroverted testimony contained in the response filed by members of the Weinzapfel campaign showed. The Republican campaign strategy is obviously to make spurious allegations in order to employ this Commission and the federal election laws as tools to divert the challenger campaigns' resources and sling mud at the Democratic candidate, Jonathan Weinzapfel. Now the current complaint comes, again mischaracterizing the facts and the law in order to spur the Federal Election Commission to take action where, once again, no action is appropriate.

II. FACTS

In April, 1996, Jonathan Weinzapfel approached Jeffrey S. Kincaid, Assistant Vice President of Old National Bank, seeking a short-term loan in the

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amount of Ten Thousand Dollars. *See* Affidavit of Jeffrey S. Kincaid, a copy of which is attached hereto as Exhibit "A", hereinafter referred to as Affidavit.[1] A set of ordinary bank procedures were then followed. Affidavit at pars. 5-11. Mr. Weinzapfel filled out the sections of a form called the Personal Financial Statement which the bank required when extending individual credit. *See* Affidavit at par. 5 and the Personal Financial Statement attached thereto. This statement showed total assets of and total liabilities of This statement also showed that Weinzapfel was not a partner in any other venture, was not obligated to pay alimony, child support or separate maintenance payments, had not pledged any assets, was not a defendant in any legal suits or actions, had personal bank accounts with Old National Bank, had never been declared bankrupt, and earned a salary for the prior year of per annum.

As is always done in the normal course of business, Old National Bank next obtained a credit report on Weinzapfel. Affidavit at par 5. This report showed that Weinzapfel had excellent credit. *Id.*

Old National Bank then approved Weinzapfel's loan. Weinzapfel was personally obligated on the note for the full 10,000. *See* Affidavit at par. 6 and documentary evidence attached thereto. The bank's decision to make this personal loan to Weinzapfel was based on Jonathan Weinzapfel's ability and commitment to repay the loan as was evidenced by his credit report, financial statement, and the bank's longstanding knowledge of him. *See* Affidavit at par. 5.

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[1]Undersigned counsel has been informed the original affidavit has been attached as an exhibit to the response of Old National Bank in this matter.

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Weinzapfel had also previously indicated that another possible source of payment for the loans would be campaign funds raised by his political committee. When Weinzapfel returned the signed note, he sent Kincaid a letter expressing Weinzapfel for Congress' intention to repay the note and that the campaign expected to raise $100,000 to meet its budget for the primary election. *See* Affidavit at par. 7 and documentary evidence attached thereto.

In the normal course of business, Old National Bank grants unsecured loans to customers demonstrating good financial condition and payment history, and this policy is reflected in the bank's guidelines. *See* Affidavit at pars. 8, 10 and 11 and documentary evidence attached thereto. In the opinion of Mr. Kincaid, at all relevant times Weinzapfel met the criteria for unsecured loans described in Old National Bank's guidelines. *See* Affidavit at par 11.

The note in question was issued at an initial interest rate of 10.50%. *See* Affidavit at par. 6 and documentary evidence attached thereto. This rate was in accordance with rates customarily charged by Old National Bank to customers for loans of this type. *See* Affidavit at par. 8 and documentary evidence attached thereto.[2]

On June 22, when Weinzapfel made a payment on the loan and the loan was restructured or renewed (which took place is merely a matter of semantics). A new note was issued with an $8000 balance at an interest rate of 9.25%. *See* Affidavit at par. 9 and documentary evidence attached thereto. This rate was in

[2]Note that the Old National bank loan rate guidelines show rates used in the ordinary course of business for unsecured loans up to $49,999.

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accordance with rates customarily charged by Old National Bank to customers for loans of this type on that date. *See* Affidavit at par. 10 and documentary evidence attached thereto. Further, this type of renewal is common bank practice. *See* Affidavit at par. 9. There was never more than $10,000 lent to Weinzapfel, and Weinzapfel fully repaid all monies borrowed with accrued interest well within the terms of the loan. *See* Affidavit at par. 6-13 and documentary evidence attached thereto.

On July 29, 1996, the National Republican Election Committee filed the Complaint in this matter alleging that:

> The Weinzapfel for Congress Committee and Jonathan Weinzapfel violated 11 CFR Sec. 100.7(b)(11) and 11 CFR Sec (sic) of the Code of Federal Regulations by obtaining two prohibited unsecured loans which did not assure repayment. As a result of taking prohibited loans the candidate and the campaign further violated election law in that the receipt of the funds of the loans amounts to receipt of prohibited contributions from a bank.

In the section of this Complaint interestingly labeled "FACTS", the National Republican Congressional Committee wrongly states that the interest rate was first 12.328 % on $10,000, then 11.549 % on what it implies was a separate $8,000, making it look as though $18,000 were borrowed. Further, the FACTS section makes the incorrect conclusion of law that "the loans were secured without collateral or security as required by 11 C.F.R. 100.7(b)(11) and 11 C.F.R. 100.8(b)(12)."

Jonathan Weinzapfel and Weinzapfel for Congress received a letter from the Federal Election Commission giving notice of this Complaint on August 5, 1996.

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III. ARGUMENT

A. There was no contribution to Jonathan Weinzapfel or Weinzapfel for Congress.

Before digging into the language of 11 C.F.R. Sec.'s 100.7(b)(11) and 100.8(b)(12), we must first look to the purpose behind these sections the rationale for the tests laid out therein. These two sections principally concern whether someone has made either a contribution to or an expenditure in favor of the campaign. The sole purpose of all inquiries and tests contained in these sections is as a surrogate to finding out if there was a contribution--whether the campaign got something for inadequate consideration. Because banks are in the business of making money through lending, and have procedures that they follow and risks that they ordinarily take in order to earn money, the test devised is whether the bank has treated the candidate or campaign as it does other customers it hopes to earn a profit from, thus the application of the ordinary course of business test. Here, as the facts show the "ordinary course of business" test is clearly met.

B. It must only be shown that this loan was made in the ordinary course of business, and this loan was undeniably made in the ordinary course of business.

1. 11 C.F.R. merely requires a loan be made in the ordinary course of business.

There is one question to be answered here--whether the small loan in question here was made in the ordinary course of business. 11 C.F.R. 100.7(b)(11). While this section gives a set of circumstances under which a loan

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will *always* be deemed to have been made in the ordinary course of business, and while these four circumstances were indeed present here (as will be shown later), a simple reading of this section leaves no doubt that it is not imperative under the statute that these four circumstances be present on every loan. The drafters of section 100.7(b)(11) did not say that a loan is deemed to be made in the ordinary course of business *if and only if* the four provisions were met, merely that if those four provisions were met, that the Federal Election Commission's hands were tied and it was commanded to deem the loan was made in the ordinary course of business. To read the four circumstances as requirements is to ignore the plain, logical meaning of the statute. The ordinary course of business, meaning business to make a profit, rather than business to make a contribution, is all that need be passed.

2. <u>The loan in question was made in the ordinary course of business.</u>

One must keep in mind when deciding whether this loan was made in the ordinary course of business the fact of its amount relative to the excellent credit history of the applicant. When it comes to loans, size matters greatly.[3] A lending institution in its ordinary course of business is of course much more willing to grant a small loan to an individual than a large one to the same person because it has much higher assurance of repayment. Anyone who had credit and employment

[3]The fact that the regulations consider the size of the loan relevant is reflected by the fact that loans in the form of overdraft protection of checking accounts, which routinely reach up to several thousand dollars, are not considered contributions so long as they are typical overdraft account loans. *See* 11 C.F.R. Sec. 100.7(b)(11). Note also that Sec. 100.7(b)11 clearly cannot be read to be a blanket prohibition of unsecured loans in light of the fact that overdraft loans usually are not secured yet are explicitly allowed.

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histories as good as Jonathan Weinzapfel's would qualify for a loan of $10,000 from Old National Bank. Weinzapfel met the criteria on his own merits, as the Kincaid affidavit attests. Those of us with good credit get solicited for unsecured credit card lines of credit of this amount constantly. It's the ordinary business of banks to take good risks such as was taken here. The FEC rules were not designed to require candidates to have to provide *more* security than similarly situated individuals; the requirement is that banks behave toward the candidate as they would in the ordinary course of business. That is what Old National Bank did.

Indeed, Old National Bank has provisions for unsecured lending which read:

> Unsecured loans may be given to customers demonstrating good financial condition and payment history. *See* Affidavit at pars. 8, 10 and 11 and documentary evidence attached thereto.

In furtherance of this policy, Old National Bank has established a rate chart for personal unsecured loans and lines of credit. *See* Affidavit at pars. 8 and 10 and documentary evidence attached thereto. The mere fact that Old National Bank regularly and in the normal course of business grants unsecured loans, so regularly in fact that it has a rate chart designed for that purpose, demonstrates just how typical this loan was.

Further, the bank here followed all the normal steps in granting this loan, the very same steps the bank always takes when granting loans to individuals. As has been spelled out thoroughly in Section II above, Mr. Weinzapfel submitted a personal financial statement showing total assets of and total liabilities of This statement also showed that Weinzapfel was not a partner in any other venture, was not obligated to pay alimony, child support or separate

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maintenance payments, had not pledged any assets, was not a defendant in any legal suits or actions, had personal bank accounts carried at Old National Bank, had never been declared bankrupt, and earned a salary for the prior year of Further, Old National Bank obtained a credit report on him. This report showed that Weinzapfel had excellent credit. It was based on these criteria that Jonathan Weinzapfel personally qualified for the loan in question, just as is always done in cases such as this. Ironically, in this case had Weinzapfel been required to make special pledges outside of his promise to repay the small loan, the bank would have been acting outside of the normal course of business. The bank had excellent assurance of repayment from Jonathan Weinzapfel's promise alone given the small size of the loan, his excellent employment and credit history, and the fact that he was employed by the bank itself. The bank also got the letter obligating the campaign as well, which is more assurance than it usually gets on personal loans. The bank evaluated its risks, and made the loan to Weinzapfel in order to make a profit in the ordinary course of business, not to give Weinzapfel a contribution.

The Commission need read no further if it agrees that the loan was made in the ordinary course of business. As was shown above, it would be a illogical misreading of the law to read the four circumstances under which a loan is always deemed "in the ordinary course of business" as prerequisites to making such a finding.

C. The Federal Election Commission must deem that the loan was made in the ordinary course of business because it: Bears the usual and customary interest rate of the lending institution for the category of

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loan involved; is made on a basis which assures repayment; is evidenced by a written instrument; and is subject to a due date or amortization schedule.

Even if the above four circumstances are read (incorrectly) as requirements, the Federal Election Commission must deem that the loan was made in the ordinary course of business. The affidavit and documentary evidence already mentioned leave no doubt that the loan in question bears the usual and customary interest, is evidenced by two written instruments, and is subject to a due date or amortization schedule. The only one of the above four circumstances which the Complaint even alleges did not exist is that the loan be "made on a basis which assures repayment." See Complaint at section headed "Violation". The inquiry is thus whether the loan was made on a basis which assures repayment.

As in the case of the determination of whether a loan has been made in the ordinary course of business, 11 C.F.R. Sec. 100.7 gives a list of circumstances under which the Federal Election Commission *must* deem the loan to have been made on a basis which assures repayment. Again, this set of circumstances is not exclusive or exhaustive, merely those under which the Commission's hands are tied from ruling otherwise. In all cases where the Commission is authorized free to make the determination, this section mandates:

> the Commission will consider the totality of the circumstances on a case-by-case basis in determining whether a loan was made on a basis which assures repayment. 11 C.F.R. Sec. 100.7(b)(11)(ii).

Looking at the totality of the circumstances it is clear that this loan was made on a basis which assures repayment. Indeed all outstanding monies were

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repaid. *See* Affidavit at par. 9, 13.

It is worth noting that nothing will absolutely assure repayment, not even pledged collateral and certainly not pledged future receipts referred to in this section, which may not materialize. Thus, the term "assures repayment" in the regulations themselves recognize that reasonable risks are taken. The point of the inquiry is still whether the risk taken here is one the bank takes in the ordinary course of business. One of the best ways to minimize those risks and thus assure repayment is to require that individuals make personal pledges of repayment that are within their means. This the bank did. Further, not having any experience in giving a loan to a candidate, Mr. Kincaid obviously felt it safest to treat this as a personal loan.

The promise to repay from the campaign was added assurance. While this promise was not necessary due to the personal guarantee, it served the primary purpose of the regulations requiring special pledges of funds. It obligated the campaign and predicted the monies to be collected. Given the size of the loan, the bank would have been acting reasonably even if it had loaned the money to the campaign instead of to Weinzapfel personally.

IV. CONCLUSION

Old National Bank lent Jonathan Weinzapfel money at an interest rate that would earn it money. As has been shown through the testimony contained herein, it was assured repayment by the simple facts of Weinzapfel's good credit, employment history and assets. It took no risk on the campaign that could be categorized as a contribution. In fact, it made money on the endeavor at its

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customary rate. There is no way, given the facts presented that this Commission could rule that by making money from its dealings with Weinzapfel that the bank was somehow giving him a contribution. To do so would defy logic and reason, waste the Commission's time, and constitute an unfair harassment of Jonathan Weinzapfel. Thus, no further investigation is necessary.

Wherefore, it is respectfully submitted that this Commission should take no action against Jonathan Weinzapfel or the Weinzapfel for Congress Committee.

Respectfully submitted,

Michael C. Williams for
TERRY S. BIENSTOCK, P.A.

JOHN A. THORNTON, ESQUIRE

Attorneys for Weinzapfel

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BEFORE THE FEDERAL ELECTION COMMISSION
OF THE UNITED STATES OF AMERICA

In the Matter of:	)	
	)	
Jonathan Weinzapfel	)	MUR 4419
and Weinzapfel For Congress Campaign	)	
Committee	)	

AFFIDAVIT OF JEFFREY S. KINCAID

STATE OF INDIANA)
) SS:
COUNTY OF VANDERBURGH)

Jeffrey S. Kincaid, being first duly sworn upon his oath, deposes and says as follows:

1. I am an individual over the age of eighteen (18) years, I reside at as such, I am competent to execute this Affidavit. I make this Affidavit in support of the Response of Old National Bank in Evansville ("ONB") in the above-captioned proceeding.

2. I am an Assistant Vice President at ONB and am currently the Manager of ONB's State Street Branch. I have personal knowledge of the facts and circumstances set out below.

3. I have been in the business of banking for approximately eleven (11) years. In the course of my experience as a banker, I have made approximately two hundred (200) unsecured loans.

4. I have known Jonathan Weinzapfel ("Weinzapfel") since high school. I knew him all through my high school years, and I played with him on the high school football team. I was his roommate for one (1) year in college. I have never undertaken any political or fund raising activities on Weinzapfel's behalf. My sole connection to his campaign for office was a small contribution and my vote on May 7, 1996.

5. In April, 1996, Weinzapfel approached me seeking a short-term loan in the amount of Ten Thousand Dollars ($10,000.00). In support of his request, he submitted a personal financial statement, a copy of which is attached hereto as Exhibit

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"A." In accordance with normal banking procedure, I procured a credit report from the local Credit Bureau. The report indicates that Weinzapfel's credit rating is excellent. On the basis of Weinzapfel's financial statement, his credit report, and my longstanding knowledge and respect for him, I determined to make him the loan. In my previous experience in banking, I have never made a loan to a candidate for political office.

6. On April 23, 1996, Weinzapfel executed and delivered to me a Promissory Note in the amount of Ten Thousand Dollars ($10,000.00) (the "First Note"). The First Note bears interest at the rate of ten and one-half (10.50%) percent. A copy of the First Note is attached hereto as Exhibit "B."

7. Weinzapfel had previously indicated to me that another source of payment for the Loan would be with campaign funds raised by his political committee. He memorialized this representation in a letter to me of even date therewith, a copy of which is attached hereto as Exhibit "C."

8. The initial interest rate of ten and one-half percent (10.50%) was in accordance with rates customarily charged by ONB to customers for loans of this type. A copy of ONB's then effective rate chart is attached hereto as Exhibit "D." Highlighted in yellow is the rate applicable to loans of the type here involved, on the date of execution.

9. On June 22, 1996, Weinzapfel repaid Two Thousand Dollars ($2,000.00) of the original obligation under the First Note. The First Note was renewed by a Promissory Note dated of even date therewith in the original principal amount of Eight Thousand Dollars ($8,000.00) (the "Second Note"). The Second Note bears interest at the rate of nine and one-quarter percent (9.25%) per annum. Renewal of the First Note is common in such circumstances. A copy of the Second Note is attached hereto as Exhibit "E."

10. The interest rate on the Second Note of nine and one-quarter percent (9.25%) was in accordance with rates customarily charged by ONB to customers of this type. A copy of ONB's then effective rate charge is attached hereto as Exhibit "F." Highlighted in green is the rate applicable to loans of the type here involved, on the date of execution.

11. Attached hereto as Exhibit "G" is a copy of the relevant page from ONB's

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loan standards regarding unsecured loans. On the dates of the First and Second Notes, Weinzapfel, in my opinion and based upon my prior experience, met the criteria for unsecured loans described in Exhibit "G."

12. I have reviewed the Schedules C-1 attached as Exhibits "A" and "C" to the Complaint filed by the National Republican Congressional Committee in this matter. My signature appears on both documents. These documents were prepared by Weinzapfel's campaign treasurer, and my signature appears in the lower left-hand corner. The representation contained on Exhibit "C," in paragraph A thereof, that the loan has not been restructured, is in error. Although I reviewed both documents, I did not notice this error. Had I noticed the same during my review, I would have asked that it be changed.

13. As of the date of my execution of this Affidavit, the loan represented by the Second Note has been paid in full, with accrued interest.

AND FURTHER AFFIANT SAYETH NOT.

Jeffrey S. Kincaid

STATE OF INDIANA)
) SS:
COUNTY OF VANDERBURGH)

Before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within-named Jeffrey S. Kincaid, who acknowledged the execution of the foregoing as his personal act and deed and for the purposes therein contained.

Signature of Notary Public

DIANE L. HENKE
Printed Name of Notary Public

My Commission Expires: 11-2-96

County of Residence: Vanderburgh

Robert F. Stayman, Esq.
ZIEMER, STAYMAN, WEITZEL & SHOULDERS
20 N.W. First Street, P.O. Box 916
Evansville, IN 47706-0916
Telephone: (812) 424-7575

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STATEMENT OF DESIGNATION OF COUNSEL

MUR 4419

NAME OF COUNSEL: John Andres Thornton

FIRM: Bienstock & Clark

ADDRESS: First Union Financial Center
200 South Biscayne Blvd, Suite 3160
Miami, FL 33131-2367

TELEPHONE: (305) 373-1100

FAX: (305) 358-1224

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.

8/15/96
Date

Jonathan Weinzapfel
Signature

RESPONDENT'S NAME: Jonathan Weinzapfel / Weinzapfel for Congress

ADDRESS: P.O. Box 6893
Evansville, IN 47719

TELEPHONE: HOME (812) 985-9767

BUSINESS (812) 422-0749

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Weinzapfel 96

August 20, 1996

Colleen T. Sealander, Attorney
Central Enforcement Docket
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
AUG 23 1 48 PM '96

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Attention: Ms. Sealander

Re: MUR 4419

The response to the above MUR 4419 has been sent by the Weinzapfel For Congress campaign counsel, John Thornton.

The reply by Mr. Thornton was intended to apply to myself as Treasurer, also.

Thank you. If you have any further questions, please contact me at (812) 423-4533.

Sincerely,

Roselle R Weinzapfel

Roselle R. Weinzapfel
Treasurer

Jonathan Weinzapfel for Congress Post Office Box 6893 Evansville, Indiana 47719-0893 Phone (812) 422-0749

Paid for by the Weinzapfel for Congress Committee Roselle Weinzapfel, Treasurer Approved by Jonathan Weinzapfel

RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT
MAY 6 2 45 PM '97

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
	)	ENFORCEMENT PRIORITY
	)	

GENERAL COUNSEL'S REPORT **SENSITIVE**

I. INTRODUCTION.

The cases listed below have been identified as either stale or of low priority based upon evaluation under the Enforcement Priority System (EPS). This report is submitted to recommend that the Commission no longer pursue these cases.

II. CASES RECOMMENDED FOR CLOSURE.

A. Cases Not Warranting Further Action Relative to Other Cases Pending Before the Commission

EPS was created to identify pending cases which, due to the length of their pendency in inactive status or the lower priority of the issues raised in the matters relative to others presently pending before the Commission, do not warrant further expenditure of resources. Central Enforcement Docket (CED) evaluates each incoming matter using Commission-approved criteria which results in a numerical rating of each case.

Closing such cases permits the Commission to focus its limited resources on more important cases presently pending before it. Based upon this review, we have identified 28 cases which do

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not warrant further action relative to other pending matters.[1] Attachment 1 to this report contains summaries of each case, the EPS rating, and the factors leading to assignment of a low priority and recommendation not to further pursue the matter.

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[1] These cases are: MUR 4419 (*Weinzapfel for Congress*); MUR 4423 (*Davis for Congress*); MUR 4424 (*Nevadans for "Spike" Wilson*); MUR 4429 (*Delahunt for Congress*); MUR 4430 (*Jean Leising for Congress*); MUR 4431 (*Engel for Congress*); MUR 4433 (*Delahunt for Congress*); MUR 4437 (*DiNicola for Congress Committee*); MUR 4440 (*Sue Kelly for Congress*); MUR 4450 (*National Treasury Employees*); MUR 4452 (*Mid-Suffolk N.O.W.*); MUR 4455 (*City of Milwaukee*); MUR 4456 (*Jackson Mint Ltd.*); MUR 4457 (*U.S. Department of Health and Human Services*); MUR 4458 (*KMA-AM Radio*); MUR 4461 (*Americans For Freedom Of Choice PAC*); MUR 4462 (*Ellen O. Tauscher*); MUR 4464 (*Norwood for Congress*); MUR 4465 (*Lincoln for Congress*); MUR 4469 (*Moseley-Braun for Senate*); MUR 4475 (*Manpower Temporary Services, Inc.*); MUR 4479 (*Owens for Congress Committee*); MUR 4482 (*Mike McCormack for Congress*); MUR 4487 (*Citizens for A Strong America*); MUR 4488 (*Ortiz for Congress*); MUR 4489 (*Gill for Congress*); MUR Pre-MUR 338 (*Richard Chrysler Inc.*); and Pre-MUR 339 (*Mammel & Associates, Inc.*).

We recommend that the Commission exercise its prosecutorial discretion and direct closure of the cases listed below, effective May 19, 1997. Closing these cases as of this date will permit CED and the Legal Review Team the necessary time to prepare closing letters and case files for the public record.

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III. RECOMMENDATIONS.

A. Decline to open a MUR, close the file effective May 19, 1997, and approve the appropriate letters in the following matters:

1. Pre-MUR 338
2. Pre-MUR 339

B. Take no action, close the file effective May 19, 1997, and approve the appropriate letters in the following matters:

1. MUR 4419	10. MUR 4450	19. MUR 4465
2. MUR 4423	11. MUR 4452	20. MUR 4469
3. MUR 4424	12. MUR 4455	21. MUR 4475
4. MUR 4429	13. MUR 4456	22. MUR 4479
5. MUR 4430	14. MUR 4457	23. MUR 4482
6. MUR 4431	15. MUR 4458	24. MUR 4487
7. MUR 4433	16. MUR 4461	25. MUR 4488
8. MUR 4437	17. MUR 4462	26. MUR 4489
9. MUR 4440	18. MUR 4464	

5/6/97
Date

Lawrence M. Noble
General Counsel

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Enforcement Priority.)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that the Commission decided by a vote of 5-0 on May 12, 1997, to take the following actions with respect to the General Counsel's May 6, 1997 report on enforcement priority:

A. Decline to open a MUR, close the file effective May 19, 1997, and approve the appropriate letters in the following matters:

1. Pre-MUR 338
2. Pre-MUR 339

B. Take no action, close the file effective May 19, 1997, and approve the appropriate letters in the following matters:

1. MUR 4419	10. MUR 4450	19. MUR 4465
2. MUR 4423	11. MUR 4452	20. MUR 4469
3. MUR 4424	12. MUR 4455	21. MUR 4475
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8. MUR 4437	17. MUR 4462	26. MUR 4489
9. MUR 4440	18. MUR 4464	

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

Attest:

5-13-97
Date

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

Received in the Secretariat: Tues., May 06, 1997 2:45 p.m.
Circulated to the Commission: Wed., May 07, 1997 11:00 a.m.
Deadline for vote: Mon., May 12, 1997 4:00 p.m.

bjr

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 19, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Sam Dawson, Executive Director
National Republican Congressional Committee
320 First Street, SE
Washington, DC 20003

RE: MUR 4419

Dear Mr. Dawson:

On July 29, 1996, the Federal Election Commission received Maria Cino's complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act").

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no action against the respondents. See attached narrative. Accordingly, the Commission closed its file in this matter on May 19, 1997. This matter will become part of the public record within 30 days.

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

Sincerely,

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

Attachment
Narrative

9704382035 6

MUR 4419
WEINZAPFEL FOR CONGRESS

Maria Cino, Executive Director of the National Republican Congressional Committee, alleges that while Jonathan Weinzapfel was on a leave of absence from his employment to run for Congress, he and Weinzapfel for Congress ("the Committee") obtained two unsecured loans from his employer, Old National Bank in Evansville ("ONB"); the first on April 23, 1996, for $10,000 at 12.328% interest rate; and the second on June 22, 1996, for $8,000 at 11.549% interest. She states that the first loan was made 11 days prior to the May 7, 1996, primary, allowing Weinzapfel the use of last minute campaign funds to win a closely contested race. Ms. Cino believes these loans were not made in a manner that assures repayment or in the ordinary course of business, alleging them to be prohibited contributions from the bank.

Respondent Weinzapfel explains the circumstances of the loan on behalf of himself, the Committee, and the treasurer, Roselle Weinzapfel, and concludes that they were made in the ordinary course of the bank's business with expectation of repayment. He asserts these transactions are not two separate loans but two phases of a single loan. In first applying for the loan, he completed a Personal Financial Statement which contained his total assets and liabilities; the bank subsequently obtained a credit report on him. ONB approved the loan for $10,000 based on his ability and commitment to repay it. Though personally liable for payment of the loan, Mr. Weinzapfel indicated that another possible source of payment would be campaign funds raised by the Committee. He expected the Committee to raise $100,000 to meet its primary election budget. Mr. Weinzapfel made a payment on the loan on June 22, 1996, and restructured it at a lower interest rate. ONB issued a new promissory note for the $8,000 balance at a 9.25% interest rate. The loan was subsequently fully repaid with accrued interest. Mr. Weinzapfel denies that these transactions evidence any contribution by ONB to himself or the Committee, since the loan was made in the ordinary course of business.

Respondent ONB essentially confirms the candidate's position. It states that the total amount loaned to Jonathan Weinzapfel was $10,000, not $18,000 as alleged in the complaint, and that the interest rates were 10.5% (for the original $10,000 loan) and 9.25% (for the restructured loan). ONB says that the interest rate mistakenly reported by the Committee and cited by the complainant is actually the annual percentage rate, not the interest rate. Respondent Jeffrey Kincaid, Assistant Vice President of ONB, confirms that Mr. Weinzapfel supplied a personal financial statement and ONB procured a credit report in the normal course of business as part of its usual loan processing. He also confirms the loan amounts, interest rates, and payments and restructures.

This matter is less significant relative to other matters pending before the Commission.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 19, 1997

John Thornton, Esq.
Bienstock & Clark
First Union Financial Center
200 S. Biscayne Blve., Suite 3160
Miami, FL 33131-2367

RE: MUR 4419
Jonathan Weinzapfel
Weinzapfel for Congress, Roselle Weinzapfel, Treasurer

Dear Mr. Thornton:

On July 31, 1996, the Federal Election Commission notified your clients of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no action against your clients. See attached narrative. Accordingly, the Commission closed its file in this matter on May 19, 1997.

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

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

Sincerely

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

Attachment
Narrative

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MUR 4419
WEINZAPFEL FOR CONGRESS

Maria Cino, Executive Director of the National Republican Congressional Committee, alleges that while Jonathan Weinzapfel was on a leave of absence from his employment to run for Congress, he and Weinzapfel for Congress ("the Committee") obtained two unsecured loans from his employer, Old National Bank in Evansville ("ONB"); the first on April 23, 1996, for $10,000 at 12.328% interest rate; and the second on June 22, 1996, for $8,000 at 11.549% interest. She states that the first loan was made 11 days prior to the May 7, 1996, primary, allowing Weinzapfel the use of last minute campaign funds to win a closely contested race. Ms. Cino believes these loans were not made in a manner that assures repayment or in the ordinary course of business, alleging them to be prohibited contributions from the bank.

Respondent Weinzapfel explains the circumstances of the loan on behalf of himself, the Committee, and the treasurer, Roselle Weinzapfel, and concludes that they were made in the ordinary course of the bank's business with expectation of repayment. He asserts these transactions are not two separate loans but two phases of a single loan. In first applying for the loan, he completed a Personal Financial Statement which contained his total assets and liabilities; the bank subsequently obtained a credit report on him. ONB approved the loan for $10,000 based on his ability and commitment to repay it. Though personally liable for payment of the loan, Mr. Weinzapfel indicated that another possible source of payment would be campaign funds raised by the Committee. He expected the Committee to raise $100,000 to meet its primary election budget. Mr. Weinzapfel made a payment on the loan on June 22, 1996, and restructured it at a lower interest rate. ONB issued a new promissory note for the $8,000 balance at a 9.25% interest rate. The loan was subsequently fully repaid with accrued interest. Mr. Weinzapfel denies that these transactions evidence any contribution by ONB to himself or the Committee, since the loan was made in the ordinary course of business.

Respondent ONB essentially confirms the candidate's position. It states that the total amount loaned to Jonathan Weinzapfel was $10,000, not $18,000 as alleged in the complaint, and that the interest rates were 10.5% (for the original $10,000 loan) and 9.25% (for the restructured loan). ONB says that the interest rate mistakenly reported by the Committee and cited by the complainant is actually the annual percentage rate, not the interest rate. Respondent Jeffrey Kincaid, Assistant Vice President of ONB, confirms that Mr. Weinzapfel supplied a personal financial statement and ONB procured a credit report in the normal course of business as part of its usual loan processing. He also confirms the loan amounts, interest rates, and payments and restructures.

This matter is less significant relative to other matters pending before the Commission.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 19, 1997

Robert F. Stayman, Esq.
Ziemer, Stayman, Weitzel & Shoulders
20 N.W. First Street
P.O. Box 916
Evansville, Indiana 47706-0916

RE: MUR 4419
Old National Bank in Evansville, Jeffrey Kincaid, Asst. Vice President

Dear Mr. Stayman:

On July 31, 1996, the Federal Election Commission notified your clients of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no action against your clients. See attached narrative. Accordingly, the Commission closed its file in this matter on May 19, 1997.

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

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

Sincerely

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

Attachment
Narrative

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MUR 4419
WEINZAPFEL FOR CONGRESS

Maria Cino, Executive Director of the National Republican Congressional Committee, alleges that while Jonathan Weinzapfel was on a leave of absence from his employment to run for Congress, he and Weinzapfel for Congress ("the Committee") obtained two unsecured loans from his employer, Old National Bank in Evansville ("ONB"); the first on April 23, 1996, for $10,000 at 12.328% interest rate; and the second on June 22, 1996, for $8,000 at 11.549% interest. She states that the first loan was made 11 days prior to the May 7, 1996, primary, allowing Weinzapfel the use of last minute campaign funds to win a closely contested race. Ms. Cino believes these loans were not made in a manner that assures repayment or in the ordinary course of business, alleging them to be prohibited contributions from the bank.

Respondent Weinzapfel explains the circumstances of the loan on behalf of himself, the Committee, and the treasurer, Roselle Weinzapfel, and concludes that they were made in the ordinary course of the bank's business with expectation of repayment. He asserts these transactions are not two separate loans but two phases of a single loan. In first applying for the loan, he completed a Personal Financial Statement which contained his total assets and liabilities; the bank subsequently obtained a credit report on him. ONB approved the loan for $10,000 based on his ability and commitment to repay it. Though personally liable for payment of the loan, Mr. Weinzapfel indicated that another possible source of payment would be campaign funds raised by the Committee. He expected the Committee to raise $100,000 to meet its primary election budget. Mr. Weinzapfel made a payment on the loan on June 22, 1996, and restructured it at a lower interest rate. ONB issued a new promissory note for the $8,000 balance at a 9.25% interest rate. The loan was subsequently fully repaid with accrued interest. Mr. Weinzapfel denies that these transactions evidence any contribution by ONB to himself or the Committee, since the loan was made in the ordinary course of business.

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This matter is less significant relative to other matters pending before the Commission.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 4418

DATE FILMED 6-9-87 CAMERA NO. 4

CAMERAMAN JMU

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