



FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

THIS IS THE BEGINNING OF MUR # 4613

DATE FILMED 9-29-97 CAMERA NO. 4

CAMERAMAN IMH

97043840349

January 6, 1997

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

JAN 10 9 47 AM '97

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

Dear Counselor:

We, the three undersigned parties, were employed by the Guy Kelley for Congress Campaign (4th CD, Colorado) as Campaign Manager, Deputy Campaign Manager and General Consultant through mid-October 1996. As of the third quarter FEC report, filed October 15, 1996, the three of us were listed on the Schedule D section of the report as debt for deferred payroll and consulting fees (see attachment 1). Similarly, we were listed on the Schedule D section for the second quarter and pre-primary reports (see attachment 2).

It has recently come to our attention that upon our departure from the campaign, debt owed us by the campaign was removed by amendment filed by the Guy Kelley for Congress campaign. We were informed of this action by letter from Mr. Kelley's attorney (see attachment 3). In order to obtain a copy of the amended report mentioned by Mr. Kelley's attorney, we went to the Colorado Secretary of State's office. We found that all reports which listed debts owed us had been amended to show no debt. In addition, we discovered that the pre-general report filed by the campaign on October 23, 1996 contained no record of debt owed us (see attachment 4).

For the record, none of the debt owed us has been satisfied, forgiven or designated as a contribution on our part. Under no circumstances did we agree to the removal of that debt from FEC reports. We are, in fact, attempting to collect those debts from Mr. Kelley. It is our understanding that debts cannot be removed from FEC reports simply by amendment or exclusion on subsequent reports. Because we believe that the debt owed us was inappropriately removed from FEC documents filed by the Guy Kelley for Congress campaign, we are filing this complaint.

Please do not hesitate to contact us should you need further information. We have provided our full names and addresses as the complainants as well as the name and address of the respondent on the following page.

Sincerely,

Jannine R. Mohr
Jannine R. Mohr

Charlotte S. McDaniel
Charlotte S. McDaniel

Sherrie M. Wolf
Sherrie M. Wolf

Carol Dayhue - Notary Public
My Commission Expires 2/21/98
State of Colorado, County of Boulder

attachments

97043640350

Complainants:

Jannine R. Mohr
832 West 33rd Street
Loveland, CO 80538

Charlotte S. McDaniel
813 West 36th Street
Loveland, CO 80538

Sherrie M. Wolff
2900 Julliard Street
Boulder, CO 80303

Respondent:

Guy Kelley for Congress
501 Skysail Lane
Fort Collins, CO 80525

9704351

SCHEDULE D
(Revised 3/80)

DEBTS AND OBLIGATIONS
Excluding Loans

| Name of Committee (in Full) | Outstanding Balance Beginning This Period | Amount Incurred This Period | Payment This Period | Outstanding Balance at Close of This Period |
|--|---|-----------------------------|---------------------|---|
| Guy Kelley for Congress | | | | |
| A. Full Name, Mailing Address and ZIP Code of Debtor or Creditor Charlotte S. McDaniel 813 W. 36th St. Loveland, CO 80533 | \$5850.00 | \$6000.00 | \$0.00 | \$11850.00 |
| Nature of Debt (Purpose): Payroll - Deputy Campaign Mgr. | | | | |
| B. Full Name, Mailing Address and ZIP Code of Debtor or Creditor Jannine Mohr 832 W. 33rd St. Loveland, CO 80538 | \$6500.00 | \$10000.00 | \$0.00 | \$16500.00 |
| Nature of Debt (Purpose): Payroll - Campaign Manager | | | | |
| C. Full Name, Mailing Address and ZIP Code of Debtor or Creditor Sherrie Wolff 2900 Juliard St. Boulder, CO 80303 | \$2800.00 | \$1600.00 | \$0.00 | \$4,400.00 |
| Nature of Debt (Purpose): Political Consulting | | | | |
| D. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Nature of Debt (Purpose): | | | | |
| E. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Nature of Debt (Purpose): | | | | |
| F. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Nature of Debt (Purpose): | | | | |

97043340352

| | |
|---|------------|
| 1) SUBTOTALS This Period This Page (Carry over from previous page) | \$32750.00 |
| 2) TOTALS This Period (Carry over from previous page in this line only) | \$32750.00 |
| 3) TOTAL OUTSTANDING LOANS from Schedule C (last page only) | \$30649.62 |
| 4) ADD 2) and 3) and carry forward to appropriate line of Summary Page (last page only) | \$63399.62 |

ATTACHMENT 2

SCHEDULE D
(Revised 3/80)

DEBTS AND OBLIGATIONS
Excluding Loans

Page 1 of 1
LINE NUMBER 10
(Use separate schedules for each numbered line)

| Name of Committee (in Full) | Outstanding balance Beginning This Period | Amount Incurred This Period | Payment This Period | Outstanding Balance at Close of This Period |
|--|---|-----------------------------|---------------------|---|
| Guy Kelley for Congress | | | | |
| A. Full Name, Mailing Address and ZIP Code of Debtor or Creditor Charlotte S. McDaniel 813 W. 36th St. Loveland, CO 80538 | \$0.00 | \$5000.00 | \$0.00 | \$5000.00 |
| Nature of Debt (Purpose): Payroll De. ity Campaign Mgr. | | | | |
| B. Full Name, Mailing Address and ZIP Code of Debtor or Creditor Jannine Mohr 832 W. 33rd St. Loveland, CO 80538 | \$0.00 | \$5500.00 | \$0.00 | \$5500.00 |
| Nature of Debt (Purpose): Payroll - Campaign Manager | | | | |
| C. Full Name, Mailing Address and ZIP Code of Debtor or Creditor Sherrie Wolff 2900 Juliard St. Boulder, CO 80303 | \$0.00 | \$3200.00 | \$0.00 | \$3200.00 |
| Nature of Debt (Purpose): Political Consulting | | | | |
| D. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Nature of Debt (Purpose): | | | | |
| E. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Nature of Debt (Purpose): | | | | |
| F. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Nature of Debt (Purpose): | | | | |
| 1) SUBTOTALS This Period This Page (optional) | | | | |
| 2) TOTALS This Period (last page in this line only) | | | | \$13,700.00 |
| 3) TOTAL OUTSTANDING LOANS from Schedule C (last page only) | | | | \$12,480.32 |
| 4) ADD 2) and 3) and carry forward to appropriate line of Summary Page (last page only) | | | | \$26,180.32 |

97043640353

SCHEDULE D
(Revised 3/80)

DEBTS AND OBLIGATIONS
Excluding Loans

| Name of Committee (in Full) | Outstanding Balance Beginning This Period | Amount Incurred This Period | Payment This Period | Outstanding Balance at Close of This Period |
|---|---|-----------------------------|---------------------|---|
| Guy Kelley for Congress | | | | |
| A. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Charlotte S. McDaniel 813 W. 36th St. Loveland, CO 80538 | \$5000.00 | \$850.00 | \$0.00 | \$5850.00 |
| Nature of Debt (Purpose): Payroll - Deputy Campaign Mgr. | | | | |
| B. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Jannine Mohr 832 W. 33rd St. Loveland, CO 80538 | \$5500.00 | \$1000.00 | \$0.00 | \$6500.00 |
| Nature of Debt (Purpose): Payroll - Campaign Manager | | | | |
| C. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Sherrie Wolff 2900 Juliard St. Boulder, CO 80303 | \$3200.00 | \$0.00 | \$400.00 | \$2800.00 |
| Nature of Debt (Purpose): Political Consulting | | | | |
| D. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| | | | | |
| Nature of Debt (Purpose): | | | | |
| E. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| | | | | |
| Nature of Debt (Purpose): | | | | |
| F. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| | | | | |
| Nature of Debt (Purpose): | | | | |
| 1) SUBTOTALS This Period This Page (optional) | | | | |
| 2) TOTALS This Period (last page in this line only) | | | | \$15,150.00 |
| 3) TOTAL OUTSTANDING LOANS from Schedule C (last page only) | | | | \$12,480.32 |
| 4) ADD 2) and 3) and carry forward to appropriate line of Summary Page (last page only) | | | | \$27,630.32 |

97043640354

MCGIHON
ASSOCIATES
P.C.
ATTORNEYS AT LAW

ANNE L. MCGIHON
DIRECT DIAL:
(303) 438-1792

ATTACHMENT 3

1675 Broadway, Suite 1100
Denver, Colorado 80202
(303) 436-1666
Fax: (303) 436-9396
e-mail: mcgihonlaw@counsel.com

November 22, 1996

Lynne R. Lasry, Esquire, on behalf of Jannine Moore
Procopio, Cory, Hargraves & Savitch
530 B Street, Suite 2100
San Diego, CA 92101

Lynn G. Guissinger, Esquire, on behalf of Sherrie Wolff
1919 Fourteenth St., Suite 330
Boulder, CO 80302

Ms. Charlotte S. McDaniel, for herself
813 West 36th St.
Loveland, CO 80538

Re: Your claims against Guy Kelley for Congress

To the above addressees:

I write on behalf of Guy Kelley for Congress (the "Campaign") in response to the following claims: Jannine Moore's claim for wages in the amount of \$14,500 (gross) pursuant to her letter of October 22, 1996; Charlotte McDaniel's claim for wages in the amount of \$9,850 (gross) pursuant to her Formal Demand of November 19, 1996; and Sherrie Wolff's claim for contract payment of \$5,200 pursuant to her letters of October 25 and 30, 1996.

This letter is written to the three of you in an effort to resolve these disputes without further delay, litigation or splintering of good relations between hardworking Colorado Democrats. I have been instructed to inform you that no one of these three claims will be finally resolved without resolution of all three claims. Thus, the sum of \$11,000 (including the \$1,000 promised by CEA for payment of Ms. Moore and Ms. McDaniel) has been set aside and is available immediately for payment in final resolution of these three claims.

97043840355

Lynne R. Lasry, Esquire
Lynn G. Guissinger, Esquire
Ms. Charlotte S. McDaniel
November 22, 1996
Page 2

97043840356

With regard to Ms. Moore's claim for wages, we note that Ms. Moore was hired pursuant to a contract in which she agreed that payments made to her for services rendered were contingent on her raising the money to pay bills and make payroll for all Campaign employees, including herself. Further, the contract explicitly stated, contrary to her October 22 letter, that Guy Kelley would not be personally responsible for her salary. Thus, Ms. Moore's compensation could only be earned if the Campaign had the ability to pay Ms. Moore on pay dates and at the time of Ms. Moore's termination. See Barnes v. Van Schaack Mortg., 787 P.2d 207, 210 (Colo.App. 1990) (copy enclosed). Ms. Moore apparently "accrued" her salary as the Campaign lacked the ability to pay without notice to the Campaign; further, as the Campaign was left with significant debt on October 15, 1996, the Campaign clearly did not have the ability to pay Ms. Moore any additional compensation over what she had been paid through and including October 15, 1996. Thus, the Campaign determined to amend its FEC Report on October 15, 1996 with regard to Debts, by removing Ms. Moore's self-serving wage debt.

To the extent that Ms. Moore contends that she was not working pursuant to a contractual agreement, then any wages due her have been fully satisfied by payment of \$6,735.75 in wages for working March through October 13, 1996, together with \$6,292.45 in reimbursements, including costs of moving. Such payments constitute wages in excess of minimum wage for that period. We note that the wages paid October 15, 1996 should have been, but were not, deducted from Ms. Moore's claim.

With regard to Ms. McDaniel's claim for wages, we can locate no documentation on any agreement that Ms. McDaniel had (i) changed her status from volunteer to salaried employee or (ii) an agreement for a specific salary. Further, to the extent that Ms. McDaniel claims she was owed \$2,000/month in wages, her claim fails to account for the payments made to her in the amount of \$1,537.50, on October 15, 1996, together with excessive reimbursements on that date for which there is no backup documentation. Thus, the Campaign determined to amend that October 15, 1996 FEC report by removing any wage debt attributed to Ms. McDaniel. Finally, the Campaign reserves its right to make a third party claim against Ms. Moore for all or a portion of Ms. McDaniel's wages pursuant to Cusimano v. Metro Auto. Inc., 860 P.2d 532 (Colo.App 1992) (copy enclosed). By contract, and/or by express agreement with the Campaign, Ms. Moore only had authority to hire individuals if wages could be paid. As the Campaign Manager, akin to a corporate officer, her hiring of Ms. McDaniel and not keeping wages current, subjects her to liability for the unpaid wages.

Lynne R. Laary, Esquire
Lynn G. Guissinger, Esquire
Ms. Charlotte S. McDaniel
November 22, 1996
Page 3

With regard to Ms. Wolff's claim for consulting fees, we can find no written agreement or contract. While Ms. Wolff was offered additional money for additional work in September and October, she failed to accept the offer. Instead, she went to Europe in September for an extended trip and in October appeared in the office for approximately 4 or 5 days, ultimately leaving on October 13, 1996. Ms. Wolff also received payments dated October 15 and October 16, 1996 in the total amount of \$1,500, which should be deducted from her claim. The Campaign could not locate any written agreement or contract with regard to consulting services, it amended the October 15, 1996, FEC report by removing any debt to her.

While the Campaign does not believe it owes all the wages claimed, it did set money aside as a compromise and in order to resolve these matters promptly so that all parties may move forward. Again, in an effort to fully resolve these claims, the Campaign offers \$11,000 to be apportioned between the three claimants as they may agree. Our original thought had been \$5,000 or \$6,000 to Ms. Moore, \$4,000 or \$5,000 to Ms. McDaniel and \$1,000 to Ms. Wolff. However, whatever division occurs, we must have agreement between you three in order to release any of these funds, including receipt of the \$1,000 from CEA for the settlement of Ms. Moore and Ms. McDaniel's claims.

Please let me know if I can answer any further questions or assist in prompt resolution of this matter.

Sincerely,

MCGIHON & ASSOCIATES



Anne L. McGihon

ALM:iar
Enclosures

cc: Guy Kelley for Congress

97043840357

REPORT OF RECEIPTS AND DISBURSEMENTS

For An Authorized Committee
(Summary Page)

1. NAME OF COMMITTEE (in full)

Guy Kelley for Congress

ADDRESS (number and street) Check if different than previously reported.
P.O. Box 270611

CITY, STATE and ZIP CODE Fort Collins, CO 80527 STATE/DISTRICT Colorado/4th

RECEIVED

2. FEC IDENTIFICATION NUMBER:
C00308795/1996

3. IS THIS REPORT AN AMENDMENT?
 YES NO

ELECTIONS/LICENSING
SECRETARY OF STATE

4. TYPE OF REPORT

- April 15 Quarterly Report
- July 15 Quarterly Report
- October 15 Quarterly Report
- January 31 Year End Report
- July 31 Mid-Year Report (Non-election Year Only)
- Twelfth day report preceding General (Type of Election)
election on Nov. 5, 1996 in the State of Colorado
- Thirtieth day report following the General Election on _____ in the State of _____
- Termination Report

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

SUMMARY

| 5. Covering Period | COLUMN A This Period | COLUMN B Calendar Year-to-date |
|--|-------------------------|-----------------------------------|
| <u>10/01/96</u> through <u>10/16/96</u> | | |
| 6. Net Contributions (other than loans) | | |
| (a) Total Contributions (other than loans) (from Line 11(e)) | \$9720.00 | \$176922.42 |
| (b) Total Contribution Refunds (from Line 20(d)) | \$0.00 | \$300.00 |
| (c) Net Contributions (other than loans) (subtract Line 6(b) from 6(a)) | \$9720.00 | \$176622.42 |
| 7. Net Operating Expenditures | | |
| (a) Total Operating Expenditures (from Line 17) | \$25058.45 | \$200461.62 |
| (b) Total Offsets to Operating Expenditures (from Line 14) | \$0.00 | \$0.00 |
| (c) Net Operating Expenditures (subtract Line 7(b) from 7(a)) | \$25058.45 | \$200461.62 |
| 8. Cash on Hand at Close of Reporting Period (from Line 27) | \$-16936.45 | |
| 9. Debt and Obligations Owed TO the Committee (Itemize on Schedule C and/or Schedule D) | \$0.00 | |
| 10. Debt and Obligations Owed BY the Committee (Itemize on Schedule C and/or Schedule D) | \$33,697.62 | |

For further information:
Federal Election Commission
200 E Street, NW
Washington, DC 20483
Toll Free 800-424-9630
Local 202-219-3420

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

Signature of Treasurer: Nancy P Gray Date: Oct 23 '96

Whoever furnishes false, erroneous, or incomplete information may subject the person signing this Report to penalties of 2 U.S.C. § 1902.

97043840358

SCHEDULE D
(Revised 3/80)

DEBTS AND OBLIGATIONS
Excluding Loans

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

| Name of Committee (in Full) | Outstanding Balance Beginning This Period | Amount Incurred This Period | Payment This Period | Outstanding Balance at Close of This Period |
|--|---|-----------------------------|---------------------|---|
| Guy Kelley for Congress | | | | |
| A. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Nature of Debt (Purpose): | | | | |
| B. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Nature of Debt (Purpose): | | | | |
| C. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Nature of Debt (Purpose): | | | | |
| D. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Nature of Debt (Purpose): | | | | |
| E. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Nature of Debt (Purpose): | | | | |
| F. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Nature of Debt (Purpose): | | | | |

97043840359

| | | | | |
|---|--|--|--|------------|
| 1) SUBTOTALS This Period This Page (optional) | | | | |
| 2) TOTALS This Period (last page in this line only) | | | | |
| TOTAL OBLIGATIONS (last page only) | | | | \$30649.00 |
| | | | | \$30649.00 |



FEDERAL ELECTION COMMISSION
Washington, DC 20463

January 14, 1997

Jannine R. Mohr
832 West 33rd Street
Loveland, CO 80538

Dear Ms. Mohr:

This is to acknowledge receipt on January 10, 1997, of your letter dated January 6, 1997. The Federal Election Campaign Act of 1971, as amended ("the Act") and Commission Regulations require that the contents of a complaint meet certain specific requirements. One of these requirements is that a complaint be sworn to and signed in the presence of a notary public and notarized. Your letter was not properly sworn to.

In order to file a legally sufficient complaint, you must swear before a notary that the contents of your complaint are true to the best of your knowledge and the notary must represent as part of the jurat that such swearing occurred. The preferred form is "Subscribed and sworn to before me on this ____ day of ____, 19__." A statement by the notary that the complaint was sworn to and subscribed before him/her also will be sufficient. We regret the inconvenience that these requirements may cause you, but we are not statutorily empowered to proceed with the handling of a compliance action unless all the statutory requirements are fulfilled. See 2 U.S.C. § 437g.

Enclosed is a Commission brochure entitled "Filing a Complaint." I hope this material will be helpful to you should you wish to file a legally sufficient complaint with the Commission.

Please note that this matter will remain confidential for a 15 day period to allow you to correct the defects in your complaint. If the complaint is corrected and refiled within the 15 day period, the respondents will be so informed and provided a copy of the corrected complaint. The respondents will ~~then~~ have an additional 15 days to respond to the complaint on the merits. If the complaint is not corrected, the file will be closed and no additional notification will be provided to the respondents.

97043840360

If you have any questions concerning this matter, please contact me at (202) 219-3410.

Sincerely,

Retha Dixon

Retha Dixon
Docket Chief

Enclosure

cc: Guy Kelley for Congress

97043840361



FEDERAL ELECTION COMMISSION
Washington, DC 20463

January 14, 1997

Charlotte S. McDaniel
813 West 36th Street
Loveland, CO 80538

Dear Ms. McDaniel:

This is to acknowledge receipt on January 10, 1997, of your letter dated January 6, 1997. The Federal Election Campaign Act of 1971, as amended ("the Act") and Commission Regulations require that the contents of a complaint meet certain specific requirements. One of these requirements is that a complaint be sworn to and signed in the presence of a notary public and notarized. Your letter was not properly sworn to.

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97043840362

If you have any questions concerning this matter, please contact me at (202) 219-3410.

Sincerely,

Retha Dixon

Retha Dixon
Docket Chief

Enclosure

cc: Guy Kelley for Congress

97043840363



FEDERAL ELECTION COMMISSION
Washington, DC 20463

January 14, 1997

Sherrie M. Wolff
2900 Julliard Street
Boulder, CO 80303

Dear Ms. Wolff:

This is to acknowledge receipt on January 10, 1997, of your letter dated January 6, 1997. The Federal Election Campaign Act of 1971, as amended ("the Act") and Commission Regulations require that the contents of a complaint meet certain specific requirements. One of these requirements is that a complaint be sworn to and signed in the presence of a notary public and notarized. Your letter was not properly sworn to.

In order to file a legally sufficient complaint, you must swear before a notary that the contents of your complaint are true to the best of your knowledge and the notary must represent as part of the jurat that such swearing occurred. The preferred form is "Subscribed and sworn to before me on this ____ day of ____, 19__." A statement by the notary that the complaint was sworn to and subscribed before him/her also will be sufficient. We regret the inconvenience that these requirements may cause you, but we are not statutorily empowered to proceed with the handling of a compliance action unless all the statutory requirements are fulfilled. See 2 U.S.C. § 437g.

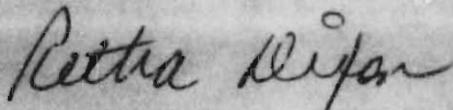
Enclosed is a Commission brochure entitled "Filing a Complaint." I hope this material will be helpful to you should you wish to file a legally sufficient complaint with the Commission.

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9 7 0 4 3 8 4 0 3 6 4

If you have any questions concerning this matter, please contact me at (202) 219-3410.

Sincerely,



Retha Dixon
Docket Chief

Enclosure

cc: Guy Kelley for Congress

97043840365

January 13, 1997

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

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
JAN 17 9 55 AM '97

MUR 4613

To Whom It May Concern:

On January 6, 1997, we filed a complaint with your office regarding the Guy Kelley for Congress campaign. After sending the complaint, we realized that the certificate of the Notary Public who witnessed our letter did not contain the words "signed and sworn to before me...." as you require. In addition, to comply with FEC guidelines for filing a complaint, we have also included our full names which we did not include in our prior complaint.

These errors have been corrected, and we are resubmitting our complaint for your review. We regret any inconvenience this may have caused.

Thank you for your attention to this matter.

Sincerely,

Jannine R. Mohr

Jannine R. Mohr

Charlotte S. McDaniel

Charlotte S. McDaniel

Sherrie M. Wolff

Sherrie M. Wolff

attachments

97043840366

January 13, 1997

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

Dear Counselor:

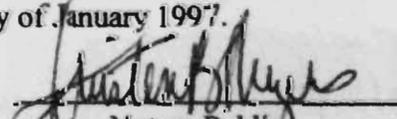
We, the three undersigned parties, were employed by the Guy Kelley for Congress Campaign (4th CD, Colorado) as Campaign Manager, Deputy Campaign Manager and General Consultant through mid-October 1996. As of the third quarter FEC report, filed October 15, 1996, the three of us were listed on the Schedule D section of the report as debt for deferred payroll and consulting fees (see attachment 1). Similarly, we were listed on the Schedule D section for the second quarter and pre-primary reports (see attachment 2).

It has recently come to our attention that upon our departure from the campaign, debt owed us by the campaign was removed by amendment filed by the Guy Kelley for Congress campaign. We were informed of this action by letter from Mr. Kelley's attorney (see attachment 3). In order to obtain a copy of the amended report mentioned by Mr. Kelley's attorney, we went to the Colorado Secretary of State's office. We found that all reports which listed debts owed us had been amended to show no debt. In addition, we discovered that the pre-general report filed by the campaign on October 23, 1996 contained no record of debt owed us (see attachment 4).

For the record, none of the debt owed us has been satisfied, forgiven or designated as a contribution on our part. Under no circumstances did we agree to the removal of that debt from FEC reports. We are, in fact, attempting to collect those debts from Mr. Kelley. It is our understanding that debts cannot be removed from FEC reports simply by amendment or exclusion on subsequent reports. Because we believe that the debt owed us was inappropriately removed from FEC documents filed by the Guy Kelley for Congress campaign, we are filing this complaint.

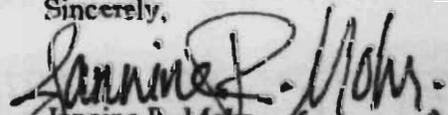
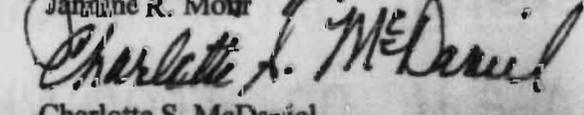
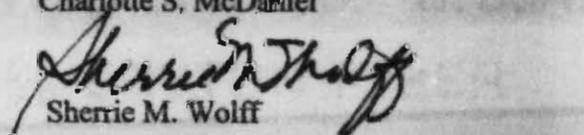
Please do not hesitate to contact us should you need further information. We have provided our full names and addresses as the complainants as well as the name and address of the respondent on the following page.

This document was signed and sworn to before me
this 13 day of January 1997.


Notary Public
State of Colorado, County of
Boulder

My Commission Expires
January 17, 2000

Sincerely,


Jannine R. Mohr

Charlotte S. McDaniel

Sherrie M. Wolff

attachments

97043640337

Complainants:

Jannine Ruth Mohr
832 West 33rd Street
Loveland, CO 80538

Charlotte Sue McDaniel
813 West 36th Street
Loveland, CO 80538

Margaret Sharon Wolff
2900 Julliard Street
Boulder, CO 80303

Respondent:

Guy Kelley for Congress
501 Skysail Lane
Fort Collins, CO 80525

97043040360



SCHEDULE D
(Revised 3/80)

DEBTS AND OBLIGATIONS
Excluding Loans

| Name of Committee (in Full) | Outstanding Balance Beginning This Period | Amount Incurred This Period | Payment This Period | Outstanding Balance at Close of This Period |
|--|---|-----------------------------|---------------------|---|
| Guy Kelley for Congress | | | | |
| A. Full Name, Mailing Address and ZIP Code of Debtor or Creditor Charlotte S. McDaniel 813 W. 36th St. Loveland, CO 80533 | \$5850.00 | \$6000.00 | \$0.00 | \$11850.00 |
| Nature of Debt (Purpose): Payroll - Deputy Campaign Mgr. | | | | |
| B. Full Name, Mailing Address and ZIP Code of Debtor or Creditor Jannine Mohr 832 W. 33rd St. Loveland, CO 80538 | \$6500.00 | \$10000.00 | \$0.00 | \$16500.00 |
| Nature of Debt (Purpose): Payroll - Campaign Manager | | | | |
| C. Full Name, Mailing Address and ZIP Code of Debtor or Creditor Sherrie Wolff 2900 Juliard St. Boulder, CO 80303 | \$2800.00 | \$1600.00 | \$0.00 | \$4,400.00 |
| Nature of Debt (Purpose): Political Consulting | | | | |
| D. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Nature of Debt (Purpose): | | | | |
| E. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Nature of Debt (Purpose): | | | | |
| F. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Nature of Debt (Purpose): | | | | |
| 1) SUBTOTALS This Period This Page (Carry on...) | | | | \$32750.00 |
| 2) TOTALS This Period (Carry page in this line only) | | | | \$32750.00 |
| 3) TOTAL OUTSTANDING LOANS from Schedule C (last page only) | | | | \$30649.62 |
| 4) ADD 2) and 3) and carry forward to appropriate line of Summary Page (last page only) | | | | \$63399.62 |

97043640369

| Name of Committee (in Full) | Outstanding balance Beginning This Period | Amount Incurred This Period | Payment This Period | Outstanding Balance at Close of This Period |
|--|---|-----------------------------|---------------------|---|
| Guy Kelley for Congress | | | | |
| A. Full Name, Mailing Address and ZIP Code of Debtor or Creditor Charlotte S. McDaniel 813 W. 36th St. Loveland, CO 80538 | \$0.00 | \$5000.00 | \$0.00 | \$5000.00 |
| Nature of Debt (Purpose): Payroll De. ity Campaign Mgr. | | | | |
| B. Full Name, Mailing Address and ZIP Code of Debtor or Creditor Jannine Mohr 832 W. 33rd St. Loveland, CO 80538 | \$0.00 | \$5500.00 | \$0.00 | \$5500.00 |
| Nature of Debt (Purpose): Payroll - Campaign Manager | | | | |
| C. Full Name, Mailing Address and ZIP Code of Debtor or Creditor Sherric Wolff 2900 Juliard St. Boulder, CO 80303 | \$0.00 | \$3200.00 | \$0.00 | \$3200.00 |
| Nature of Debt (Purpose): Political Consulting | | | | |
| D. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Nature of Debt (Purpose): | | | | |
| E. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Nature of Debt (Purpose): | | | | |
| F. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Nature of Debt (Purpose): | | | | |
| 1) SUBTOTALS This Period This Page (optional) | | | | |
| 2) TOTALS This Period (last page in this line only) | | | | \$13,700.00 |
| 3) TOTAL OUTSTANDING LOANS from Schedule C (last page only) | | | | \$13,480.32 |
| 4) ADD 2) and 3) and carry forward to appropriate line of Summary Page (last page only) | | | | \$13,480.32 |

97043840370

SCHEDULE D
(Revised 3/80)

DEBTS AND OBLIGATIONS
Excluding Loans

| Name of Committee (if Full) | Outstanding Balance Beginning This Period | Amount Incurred This Period | Payment This Period | Outstanding Balance at Close of This Period |
|--|---|-----------------------------|---------------------|---|
| Guy Kelley for Congress | | | | |
| A. Full Name, Mailing Address and ZIP Code of Debtor or Creditor Charlotte S. McDaniel 813 W. 36th St. Loveland, CO 80538 | \$5000.00 | \$850.00 | \$0.00 | \$5850.00 |
| Nature of Debt (Purpose): Payroll - Deputy Campaign Mgr. | | | | |
| B. Full Name, Mailing Address and ZIP Code of Debtor or Creditor Jannine Mohr 832 W. 33rd St. Loveland, CO 80538 | \$5500.00 | \$1000.00 | \$0.00 | \$6500.00 |
| Nature of Debt (Purpose): Payroll - Campaign Manager | | | | |
| C. Full Name, Mailing Address and ZIP Code of Debtor or Creditor Sherrie Wolff 2900 Juliard St. Boulder, CO 80303 | \$3200.00 | \$0.00 | \$400.00 | \$2800.00 |
| Nature of Debt (Purpose): Political Consulting | | | | |
| D. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Nature of Debt (Purpose): | | | | |
| E. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Nature of Debt (Purpose): | | | | |
| F. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Nature of Debt (Purpose): | | | | |

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| | | | | |
|--|--|--|--|-------------|
| 1) SUBTOTALS This Period This Page (optional) | | | | |
| 2) TOTALS This Period (total page in this line only) | | | | \$15,150.00 |

McGIHON
ASSOCIATES
P.C.
ATTORNEYS AT LAW

ANNE L. MCGIHON
DIRECT DIAL:
(303) 436-1792

1675 Broadway, Suite 1100
Denver, Colorado 80202
(303) 436-1666
Fax: (303) 436-9396
e-mail: mcgihonlaw@counsel.com

November 22, 1996

Lynne R. Lasry, Esquire, on behalf of Jannine Moore
Procopio, Cory, Hargraves & Savitch
530 B Street, Suite 2100
San Diego, CA 92101

Lynn G. Guissinger, Esquire, on behalf of Sherrie Wolff
1919 Fourteenth St., Suite 330
Boulder, CO 80302

Ms. Charlotte S. McDaniel, for herself
813 West 36th St.
Loveland, CO 80538

Re: Your claims against Guy Kelley for Congress

To the above addressees:

I write on behalf of Guy Kelley for Congress (the "Campaign") in response to the following claims: Jannine Moore's claim for wages in the amount of \$14,500 (gross) pursuant to her letter of October 22, 1996; Charlotte McDaniel's claim for wages in the amount of \$9,850 (gross) pursuant to her Formal Demand of November 19, 1996; and Sherrie Wolff's claim for contract payment of \$5,200 pursuant to her letters of October 25 and 30, 1996.

This letter is written to the three of you in an effort to resolve these disputes without further delay, litigation or splintering of good relations between hardworking Colorado Democrats. I have been instructed to inform you that no one of these three claims will be finally resolved without resolution of all three claims. Thus, the sum of \$11,000 (including the \$1,000 promised by CEA for payment of Ms. Moore and Ms. McDaniel) has been set aside and is available immediately for payment in final resolution of these three claims.

97043840372

Lynne R. Lasry, Esquire
Lynn G. Guissinger, Esquire
Ms. Charlotte S. McDaniel
November 22, 1996
Page 2

97043840373

With regard to Ms. Moore's claim for wages, we note that Ms. Moore was hired pursuant to a contract in which she agreed that payments made to her for services rendered were contingent on her raising the money to pay bills and make payroll for all Campaign employees, including herself. Further, the contract explicitly stated, contrary to her October 22 letter, that Guy Kelley would not be personally responsible for her salary. Thus, Ms. Moore's compensation could only be earned if the Campaign had the ability to pay Ms. Moore on pay dates and at the time of Ms. Moore's termination. See Barnes v. Van Schaack Mortg., 787 P.2d 207, 210 (Colo.App. 1990) (copy enclosed). Ms. Moore apparently "accrued" her salary as the Campaign lacked the ability to pay without notice to the Campaign; further, as the Campaign was left with significant debt on October 15, 1996, the Campaign clearly did not have the ability to pay Ms. Moore any additional compensation over what she had been paid through and including October 15, 1996. Thus, the Campaign determined to amend its FEC Report on October 15, 1996 with regard to Debts, by removing Ms. Moore's self-serving wage debt.

To the extent that Ms. Moore contends that she was not working pursuant to a contractual agreement, then any wages due her have been fully satisfied by payment of \$6,735.75 in wages for working March through October 13, 1996, together with \$6,292.45 in reimbursements, including costs of moving. Such payments constitute wages in excess of minimum wage for that period. We note that the wages paid October 15, 1996 should have been, but were not, deducted from Ms. Moore's claim.

With regard to Ms. McDaniel's claim for wages, we can locate no documentation on any agreement that Ms. McDaniel had (i) changed her status from volunteer to salaried employee or (ii) an agreement for a specific salary. Further, to the extent that Ms. McDaniel claims she was owed \$2,000/month in wages, her claim fails to account for the payments made to her in the amount of \$1,537.50, on October 15, 1996, together with excessive reimbursements on that date for which there is no backup documentation. Thus, the Campaign determined to amend its October 15, 1996 FEC report by removing any wage debt attributed to Ms. McDaniel. Finally, the Campaign reserves its right to make a third party claim against Ms. Moore for all or a portion of Ms. McDaniel's wages pursuant to Quisimano v. Metro Auto. Inc., 860 P.2d 532 (Colo.App. 1992) (copy enclosed). By contract, and/or by express agreement with the Campaign, Ms. Moore only had authority to hire individuals if wages could be paid. As the Campaign Manager, akin to a corporate officer, her hiring of Ms. McDaniel and not keeping wages current, subjects her to liability for the unpaid wages.

Lynne R. Lasry, Esquire
Lynn G. Guissinger, Esquire
Ms. Charlotte S. McDaniel
November 22, 1996
Page 3

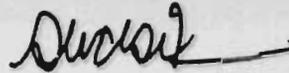
With regard to Ms. Wolff's claim for consulting fees, we can find no written agreement or contract. While Ms. Wolff was offered additional money for additional work in September and October, she failed to accept the offer. Instead, she went to Europe in September for an extended trip and in October appeared in the office for approximately 4 or 5 days, ultimately leaving on October 13, 1996. Ms. Wolff also received payments dated October 15 and October 16, 1996 in the total amount of \$1,500, which should be deducted from her claim. Because the Campaign could not locate any written agreement or contract with regard to Ms. Wolff's services, it amended the October 15, 1996, FEC report by removing any debt to Ms. Wolff.

While the Campaign does not believe it owes all the wages claimed, it did set monies aside as a compromise and in order to resolve these matters promptly so that all parties may move forward. Again, in an effort to fully resolve these claims, the Campaign offers \$11,000 to be apportioned between the three claimants as they may agree. Our original thought had been \$5,000 or \$6,000 to Ms. Moore, \$4,000 or \$5,000 to Ms. McDaniel and \$1,000 to Ms. Wolff. However, whatever division occurs, we must have agreement between you three in order to release any of these funds, including receipt of the \$1,000 from CEA for the settlement of Ms. Moore and Ms. McDaniel's claims.

Please let me know if I can answer any further questions or assist in prompt resolution of this matter.

Sincerely,

McGIHON & ASSOCIATES, P.C.



Anne L. McGihon

ALM:lar
Enclosures

cc: Guy Kelley for Congress

97043840374

ATTACHMENT 3

REPORT OF RECEIPTS AND DISBURSEMENTS

For An Authorized Committee
(Summary Page)

1. NAME OF COMMITTEE (in full)

Guy Kelley for Congress

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

P.O. Box 270611

CITY, STATE and ZIP CODE

Fort Collins, CO 80527 Colorado / 4th

2. FEC IDENTIFICATION NUMBER

C00308796

3. IS THIS REPORT AN AMENDMENT?

YES NO

4. TYPE OF REPORT

April 15 Quarterly Report

July 15 Quarterly Report

October 15 Quarterly Report

January 31 Year End Report

July 31 Mid-Year Report (Non-election Year Only)

Twelfth day report preceding

Thirtieth day report following the General Election on

Termination Report

General
(Type of Election)

election on Nov. 5, 1996 in the State of Colorado

This report contains activity for

Primary Election

General Election

Special Election

Runoff Election

SUMMARY

| 5. Covering Period | COLUMN A This Period | COLUMN B Calendar Year-to-date |
|---|-------------------------|-----------------------------------|
| 10/01/96 through 10/16/96 | | |
| 6. Net Contributions (other than loans) | | |
| (a) Total Contributions (other than loans) (from Line 11(e)) | \$3720.00 | \$176922.42 |
| (b) Total Contribution Refunds (From Line 20(d)) | \$0.00 | \$300.00 |
| (c) Net Contributions (other than loans) (subtract Line 6(b) from 6(a)) | \$3720.00 | \$176622.42 |
| 7. Net Operating Expenditures | | |
| (a) Total Operating Expenditures (from Line 17) | \$25658.45 | \$200161.62 |
| (b) Total Offsets to Operating Expenditures (from Line 14) | \$0.00 | \$90.00 |
| (c) Net Operating Expenditures (Subtract Line 7(b) from 7(a)) | \$25658.45 | \$200371.62 |
| 8. Cash on Hand at Close of Reporting Period (from Line 27) | \$16936.45 | |
| 9. Debts and Obligations Owed TO the Committee (Itemize all on Schedule C and/or Schedule D) | \$0.00 | |
| 10. Debts and Obligations Owed BY the Committee (Itemize all on Schedule C and/or Schedule D) | \$33,697.62 | |

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

Type, Print Name of Assessor
NANCY P GRAY

Signature of Treasurer
Guy Kelley

Date
Oct 23 '96

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to penalties of 2 U.S.C. 5437g.

RECEIVED

JCC

97043840375

SCHEDULE D
(Revised 3/80)

DEBTS AND OBLIGATIONS
Excluding Loans

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

| Name of Committee (in Full) Guy Kelley for Congress | Outstanding Balance Beginning This Period | Amount Incurred This Period | Payment This Period | Outstanding Balance at Close of This Period |
|--|---|-----------------------------|---------------------|---|
| A. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Nature of Debt (Purpose): | | | | |
| B. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Nature of Debt (Purpose): | | | | |
| C. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Nature of Debt (Purpose): | | | | |
| D. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Nature of Debt (Purpose): | | | | |
| E. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Nature of Debt (Purpose): | | | | |
| F. Full Name, Mailing Address and ZIP Code of Debtor or Creditor | | | | |
| Nature of Debt (Purpose): | | | | |

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| | |
|---|-----------|
| 1) SUBTOTALS This Period (This Page optional) | |
| 2) TOTALS This Period (last page in this line only) | |
| 3) TOTAL DEBT INCURRED FROM SCHEDULE C (last page only) | \$30649.6 |
| | \$30649.6 |



FEDERAL ELECTION COMMISSION
Washington, DC 20463

January 22, 1997

Sherrie M. Wolff
2900 Julliard Street
Boulder, CO 80303

RE: MUR 4613

Dear Ms. Wolff:

This letter acknowledges receipt on January 17, 1997, of the complaint you filed alleging possible violations of the Federal Election Campaign Act of 1971, as amended ("the Act"). The respondent(s) will be notified of this complaint within five days.

You will be notified as soon as the Federal Election Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to the Office of the General Counsel. Such information must be sworn to in the same manner as the original complaint. We have numbered this matter MUR 4613. 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,

A handwritten signature in black ink, appearing to read "F. Andrew Turley".

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

Enclosure
Procedures

97043840377



FEDERAL ELECTION COMMISSION
Washington, DC 20463

January 22, 1997

Jannine R. Mohr
832 West 33rd Street
Loveland, CO 80538

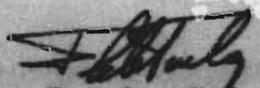
RE: MUR 4613

Dear Ms. Mohr:

This letter acknowledges receipt on January 17, 1997, of the complaint you filed alleging possible violations of the Federal Election Campaign Act of 1971, as amended ("the Act"). The respondent(s) will be notified of this complaint within five days.

You will be notified as soon as the Federal Election Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to the Office of the General Counsel. Such information must be sworn to in the same manner as the original complaint. We have numbered this matter MUR 4613. 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,


F. Andrew Tutley
Supervisory Attorney
Central Enforcement Docket

Enclosure
Procedures

97043840378



FEDERAL ELECTION COMMISSION
Washington, DC 20463

January 22, 1997

Charlotte S. McDaniel
813 West 36th Street
Loveland, CO 80538

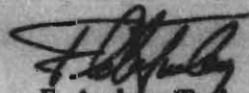
RE: MUR 4613

Dear Ms. McDaniel:

This letter acknowledges receipt on January 17, 1997, of the complaint you filed alleging possible violations of the Federal Election Campaign Act of 1971, as amended ("the Act"). The respondent(s) will be notified of this complaint within five days.

You will be notified as soon as the Federal Election Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to the Office of the General Counsel. Such information must be sworn to in the same manner as the original complaint. We have numbered this matter MUR 4613. 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,


F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

Enclosure
Procedures

97043840379



FEDERAL ELECTION COMMISSION
Washington, DC 20463

January 22, 1997

Brandon Arbuthnot, Treasurer
Guy Kelley for Congress
PO Box 270611
Fort Collins, CO 80527

RE: MUR 4613

Dear Mr. Arbuthnot:

The Federal Election Commission received a complaint which indicates that Guy Kelley 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 4613. Please refer to this number in all future communications.

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. You may submit affidavits or legal materials which you believe are relevant to the Commission's investigation. Where appropriate, statements should be submitted under oath. Your response should be addressed to the General Counsel's Office, 1111 Constitution Avenue, N.E., Washington, D.C. 20463, by January 29, 1997. If no response is received by this date, the Commission will act based on the available information.

This matter will remain confidential unless you request that it be made public. If you intend to be represented by counsel in this matter, you must advise the Commission by completing the enclosed form, and providing the name and address of such counsel, and authorizing such counsel to communicate with the Commission on your behalf.

9704384038C

we have

Enclosure

1. Copy
2. File
3. Disposal

cc: Mr. Guy Miller

0 1 3 8 4 0 3 8 1

STATEMENT OF DESIGNATION

MUR 4613

NAME OF COUNSEL: Lyn Utrecht

FIRM: Oldaker, Ryan, Phillips & Strachan

ADDRESS: 818 Connecticut Avenue, N.W. Suite 1100
Washington, D.C. 20463

TELEPHONE: (202) 728-1010

FAX: (202) 728-4044

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.

2-4-97
Date

Guy Kelley
Signature

RESPONDENT'S NAME: Guy Kelley
Guy Kelley for Congress Campaign and Director
Architect at Large

ADDRESS: P.O. Box 270611
Fort Collins, CO 98527

TELEPHONE HOME: _____

BUSINESS: 970 228-3000

RECEIVED
GENERAL SECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

2 11 02 AM '97

97043840383

FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

February 7, 1997

Lyn Utrecht, Esq.
Olektor, Ryan, Phillips & Utrecht
818 Connecticut Avenue, N.W., Suite 1100
Washington, DC 20463

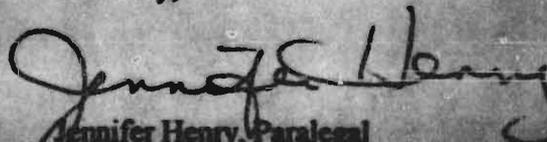
RE: MUR 4613
Brandon Arbuthnot, Treasurer,
Guy Kelley for Congress Committee

Dear Ms. Lyn Utrecht:

This is in response to your letter dated February 6, 1997, which we received on February 7, 1997, requesting an extension to respond to the complaint filed in the above-noted matter. After considering the circumstances presented in your letter, the Office of the General Counsel has granted the requested extension. Accordingly, your response is due by the close of business on March 3, 1997.

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

Sincerely,


Jennifer Henry, Paralegal
Central Enforcement Docket

97043840384

**Procopio
Cory
Hargreaves
& Savitch**

LLP

Fiftieth Year

ALAN L. COHEN
IMMANUEL SAVITCH
PAUL B. WELLS
TODD E. LEIGH
JEFFREY BAACS
ROBERT J. BERTON
FREDERICK K. KUNZEL
ROBERT C. RUSSELL, JR.
GEORGE L. DAMOEN
RAYMOND G. WRIGHT
JAMES G. SANDLER
THOMAS R. LAUBE

PHILIP J. GRACINI, JR.
STEVEN J. GIBBERT
STEVEN M. STRAUSS
CHRISTOPHER P. SAPIEN
ROBERT K. BUTTERFIELD, JR.
MICHAEL J. KINKELAAR
ERIC S. SHWABERG
GERALD P. KENNEDY
LYNNE R. LASRY
EDWARD I. SILVERMAN
STEPHEN R. ROBINSON
WILLIAM W. EIGNER

THOMAS W. TURNER, JR.
JOHN J. LORSON
JACOB C. ROSENBLAT
MATTHEW W. ABRAHAM
JEFFREY M. BYER
JEFFREY R. STOKES
RICHARD M. VALDEZ
KATHRYN M. OTTO
MARTINA M. STOLAR
ALLISON D. CATO
VICTOR M. FELD
PATRICK C. VALENTINO

MICHELLE S. POLOM
JENNIFER A. WOOD
S. ANDREW PHARIS
JENNIFER M. TAGER
ROBERT J. BROWN
THEODORE J. GRISWOLD

Of Counsel
LAW OFFICES OF
MELCH & WOLFFMEYER

A. T. PROCOPIO (1908-1974)

February 12, 1997

530 B Street, Suite 2100
San Diego, CA 92101-4469
Telephone 619/238-1900
Facsimile 619/235-0398
<http://www.procopio.com>

Lynne R. Lasry
Direct Dial 619/515-3202
Internet: lr1@procopio.com

BY FEDERAL EXPRESS

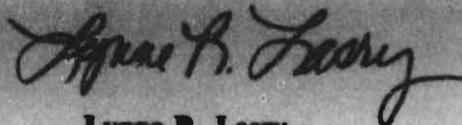
F. Andrew Turley, Esq.
Supervisory Attorney
Central Enforcement Docket
Office of General Counsel
Federal Election Commission
Washington, DC 20463

Re: Claim No. MUR 4613, received on or about January 17, 1997

Dear Mr. Turley:

Enclosed please find my affidavit regarding my conversations with Attorney Ann McGihon as they pertain to the removal of certain wage debt set forth on the FEC statements of Guy Kelley.

Sincerely,



Lynne R. Lasry

LRL:imp
Enclosure

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
FEB 13 10 20 AM '97

97043840385

CLAIM NO: MUR 4613

FEB 13 10 20 AM '97

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

AFFIDAVIT OF LYNNE R. LASRY

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN DIEGO)

I, Lynne R. Lasry, aver that:

1. I am an attorney licensed to practice law before all courts in the State of California, before the U.S. District Court for the Southern District of California, and before the Supreme Court of the United States. I have been practicing law for approximately seventeen (17) years, and am a partner in the firm of Procopio, Cory, Hargreaves & Savitch LLP.

2. During the fall of 1996, I was contacted by Jannine Mohr to assist her with negotiating a resolution of her claim for past due wages for work performed while she was employed as Campaign Manager for Guy Kelley, a congressional candidate. I knew Ms. Mohr from her previous employment at Senator Barbara Boxer's office in California.

3. In an effort to resolve Ms. Mohr's claim for past due wages, on or about October 30, 1996, I spoke with Attorney Ann McGihon, counsel for Guy Kelley (and his wife, Jean). Over time, discussions took place wherein Ms. McGihon advised that the removal of Ms. Mohr's wage claim from filed FEC statements was a condition to any potential settlement.

4. Thereafter, I consulted with one of my tax partners and with Denver counsel whom I believed to be knowledgeable about FEC law and related issues. In the course of these discussions, I learned that it would be improper and perhaps a criminal violation to simply remove campaign debt from a filed FEC report.

97043840386

Moreover, I learned that a removal could also be viewed as an attempt to circumvent campaign contribution limits, which, in the case of the obligation due to Ms. Mohr, would be over the legal limit.

5. On November 14, 1996, I spoke with Attorney McGihon and informed her that it was my understanding that a removal of a campaign debt reflecting Ms. Mohr's past due wages from Mr. Kelley's FEC report could constitute a crime, and at the very least could cause several problems for Ms. Mohr. Ms. McGihon indicated that she would speak with her clients, and to others, and would call me back. I had no further discussion with Ms. McGihon.

6. On November 26, 1996, I received a letter from Attorney McGihon dated November 22, 1996. In it she advised, among other things, that "the campaign determined to amend its FEC Report on October 15, 1996 with regard to debts, by removing Ms. Mohr's self-serving wage debt."

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Dated: 12 February 1997

Lynne R. Lasry
Lynne R. Lasry

SUBSCRIBED AND SWORN TO before me this 12th day of February, 1997 at San Diego, California.

Mary Beth Nolan
Mary Beth Nolan
Notary Public



97043840387

Feb 25 10 43 AM '97

2-19-97

Federal Election Commission
F. Andrew Turley
Washington, DC 20463

RE: MUR 4613

Dear Mr. Turley:

During the month of August, 1996, I resigned from the treasurer position for the Guy Kelley for Congress Campaign. The following people knew I submitted a resignation letter: Guy Kelley, Jannine R. Mohr, Charlotte S. McDaniel and Kathy Kipp who was custodian of records at this time of my resignation.

Since I had sent a letter to both Guy Kelley and to the campaign, I must assume that the changes within the organization were never submitted to the FEC. As far as I am concerned I have had no involvement with these claims. I believe it is the responsibility of the candidate or the campaign manager to submit the changes within the organization to the Federal Elections Commission.

I believe the petitioners must have know this since they have not listed me as a respondent on their complaint. If you have any questions please feel free to contact me at

Sincerely,



Brandon Arbuthnot
110 E 17th St
201-B
Cheyenne, WY 82001

97043840388

OLDAKER, RYAN, PHILLIPS & UTRECHT

ATTORNEYS AT LAW

818 CONNECTICUT AVENUE, N.W.

SUITE 1100

WASHINGTON, D.C. 20006

(202) 728-1010

FACSIMILE (202) 728-4044

RECEIVED
FEDERAL ELECTION
COMMISSION
MAIL ROOM

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March 3, 1997

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

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RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

RE: MUR 4613
Guy Kelley for Congress Committee
and Brandon Arbuthnot, as treasurer

Dear Mr. Noble:

This letter is the response of the Guy Kelley for Congress Committee ("Committee" or "Kelley Campaign") and Brandon Arbuthnot, as treasurer, (collectively referred to as the "Respondents") to the above-referenced complaint filed with the Federal Election Commission ("Commission") by Jannine R. Mohr, Charlotte S. McDaniel and Sherrie Wolff ("the Complainants") on January 17, 1997.

I. Background

The Guy Kelley for Congress Committee is the authorized political committee for Guy Kelley in connection with his 1996 campaign to represent Colorado's 4th Congressional District. Brandon Arbuthnot was the treasurer and Nancy Gray was the assistant treasurer of the Kelley Campaign. The Complainants were employees or consultants of the Kelley Campaign during the 1996 campaign season.

Jannine Mohr was the Committee's Campaign Manager from March until October 13, 1996. Pursuant to a written contract, the Committee agreed to pay Ms. Mohr a salary of \$3,500 per month subject to funds raised for the Committee. Ms. Mohr was provided no guarantee that the Campaign would have sufficient funds to pay her, but that paying her salary would be given priority. The Campaign lacked the ability to fully pay Ms. Mohr \$3,500 per month. She received \$6,735.75 in wages for working March through October 13, 1996, and \$6,292.45 in reimbursements, including moving costs. The

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Committee was in significant debt on October 15, 1996 with no prospects of raising future funds. At no time was Ms. Mohr authorized to accrue her wages.

Charlotte McDaniel was employed from August 1995 until October 13, 1996. She initially volunteered as the manager of the Exploratory Committee and then as Deputy Campaign Manager. It was the Committee's understanding that Charlotte McDaniel would not be paid for her services, but would be reimbursed for any out-of-pocket expenses in connection with her campaign activities. The Committee has no record of any agreement between Charlotte McDaniel and the Committee regarding the terms of her employment. Specifically, no agreement exists which indicates she turned from volunteer to paid employee or that she was owed a specific amount each month. Prior to or right after her October 13, 1996, departure from the Campaign, Ms. McDaniel received payments totaling \$2,171 for expenses owed. The Committee believed this represented full and final payment for Ms. McDaniel's expenses.

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Sherrie Wolff was hired to provide consulting services to the Committee during 1996. She terminated her consulting services on October 13, 1996. Following her termination, Ms. Wolff received payments on October 15 and 16, 1996, totaling \$1,500. The Committee believes these payments represent full and final payment for services previously rendered. The Committee has no contract with regard to Ms. Wolff's services.

During the course of Complainants' employment, the July Quarterly, Pre-Primary and October 15 Quarterly FEC reports were prepared by Cathy Kipp, a volunteer, under the supervision of the Complainants. These reports showed wages and consulting fees accrued to the Complainants. No reports prior to the July Quarterly report disclosed any debt owed to the Complainants. Guy Kelley never reviewed or approved FEC reports filed during Jannine Mohr's tenure as campaign manager. He did not authorize or approve any wages accrued to the Complainants.

After October 13, 1996, Guerin Green replaced Jannine Mohr as campaign manager. Mr. Green decided to remove the debt from the reports because he believed that the debts were fully satisfied and was unable to locate any documentation which would indicate anything contrary to this belief. Thus, Mr. Green amended the Pre-Primary and October 15 Quarterly reports to reflect no debt owed to the Complainants. At the time Mr. Green filed these amendments, he was unaware that the July 15 Quarterly report had been amended, under the supervision of Jannine Mohr, to reflect debt owed to the Complainants.

After the employees left the campaign, Guy Kelley received a letter from Jannine Mohr and Charlotte McDaniel claiming that they were owed money for services rendered to the Committee. Ms. McDaniel also filed a claim for wages owed with the U.S. Department of Labor. Guy Kelly subsequently received two letters from Sherrie Wolf claiming payments owed for consulting services rendered. Prior to receipt of these

letters, Guy Kelley and the Committee were unaware that the Complainants were owed any money for any reason. The Campaign believed that the Complainants had received all moneys owed to them by the Campaign. The Year-End FEC report reflects the alleged debt owed to the Complainants as disputed debt.

The U.S. Department of Labor has considered and dismissed Ms. McDaniel's claim against the Committee. The Committee has settled its dispute with Sherrie Wolff as to the amount she was owed for services rendered. The Committee is currently attempting to resolve its dispute with the remaining two Complainants through private settlement.

II. Summary of Complaint

This complaint is fairly clear and simple. The Complainants allege that the Committee violated reporting provisions of the Act when it amended its Pre-Primary and October Quarterly reports to remove the debt allegedly owed to the Complainants.

The Committee violated no such reporting requirement. Under the Act, political committees are required to report the amount and nature of outstanding debts and obligations owed by the committee. 2 U.S.C. §434(b)(8). However, the Committee is not obligated to report a debt which it does not owe.

The disputed debt to the Complainants was disclosed on the original FEC reports because the reports were prepared under the direction of the Complainants. Guy Kelley had no knowledge such debts were listed. He neither agreed to nor authorized the accrual of the Complainant's wages. Once the new campaign manager, Guerin Green, was hired, he amended the Committee's Pre-Primary and October Quarterly reports to reflect no debt owed to the Complainants because he believed that the Committee owed no such debt. Other than a copy of the agreement between Jannine Mohr and the Committee, the Committee had no records to support such debts. All payments made by the Committee to the Complainants were properly disclosed. The Committee believed these payments represented full and final satisfaction of moneys owed them. Absent any contractual agreements or records to the contrary, as well as the ability of employees to volunteer unlimited services to a campaign committee under the Act, there was no reason for the Committee to believe that money was owed to the Complainants for any reason. Thus, the Committee was not required to report the alleged debt.

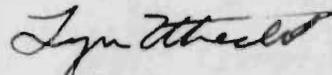
Since the Committee was in the process of resolving this matter with the Complainants when the Year-End report was due, the Committee listed the amounts allegedly owed as a disputed debt on Schedule D.

Given the circumstances of this matter, no further action by the Commission is warranted. This matter is essentially a private one between the Complainants and the

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Respondents and is being pursued through alternative channels. We respectfully request the Commission to close its file in this matter.

Sincerely,


Lyn Utrecht

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BEFORE THE FEDERAL ELECTION COMMISSION

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FEDERAL ELECTION COMMISSION
SECRETARY

In the Matter of)
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ENFORCEMENT PRIORITY

SENSITIVE

AUG 19 1997

**EXECUTIVE SESSION
SUBMITTED LATE**

GENERAL COUNSEL'S REPORT

I. INTRODUCTION.

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

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 34 cases which do not warrant further action relative to other pending matters.¹

¹ These cases are: MUR 4470 (*Ward for Congress*); MUR 4478 (*Citizens for Tom Reynolds*); MUR 4492 (*Friends of Ken Poston*); MUR 4498 (*Darryl Roberts for Congress*); MUR 4506 (*The Hon. Ted Little*); MUR 4512 (*Friends of Lane Evans*); MUR 4517 (*Unknown Respondent*); MUR 4518 (*Kansans for Ruchman*); MUR 4520 (*Larry Larson for*

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Attachment 1 to this report contains summaries of each case, the EPS rating, and the factors leading to assignment of a low priority and recommendation not to further pursue the matter.

B. Stale Cases

Effective enforcement relies upon the timely pursuit of complaints and referrals to ensure compliance with the law. Investigations concerning activity more distant in time usually require a greater commitment of resources, primarily due to the fact that the evidence of such activity becomes more remote and consequently more difficult to develop. Focusing investigative efforts on more recent and more significant activity also has a more positive effect on the electoral process and the regulated community. In recognition of these facts, EPS also provides us with the means to identify those cases which, though earning a higher rating when received, remained unassigned due to a lack of resources for effective investigation. The utility of commencing an investigation declines as these cases age, until they reach a point when activation of a case would not be an efficient use of the Commission's resources.

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Congress); MUR 4522 (*Republican Party of Bexar County*); MUR 4523 (*Cong. Andrea Seastrand*); MUR 4524 (*Danny Covington Campaign Fund Committee*); MUR 4526 (*Hoeffell for Congress*); MUR 4528 (*Pete King for Congress*); MUR 4529 (*Pete King for Congress*); MUR 4532 (*Citizen's Committee for Galman for Congress*); MUR 4535 (*Visclosky for Congress*); MUR 4537 (*Di Nicola for Congress*); MUR 4541 (*Ross Perot*); MUR 4548 (*Blagojevich for Congress*); MUR 4550 (*Friends of Wamp for Congress*); MUR 4551 (*John N. Hostettler*); MUR 4557 (*De La Rossa for Congress*); MUR 4559 (*Bill Baker for Congress*); MUR 4560 (*George Stuart Jr. for Congress*); MUR 4562 (*Wayne E. Schile*); MUR 4566 (*Al Gore*); MUR 4574 (*Danny Covington Campaign Fund Committee*); MUR 4576 (*Volunteers for Shimkus*); MUR 4579 (*New Zion Baptist Church*); MUR 4580 (*Friends of Mike Forbes*); MUR 4584 (*Bill Baker for Congress*); MUR 4588 (*Navarro for Congress*); and MUR 4613 (*Guy Kelley for Congress*).

The U.S. District Court for the District of Columbia, however, held in *Democratic Senatorial Campaign Committee v. FEC*, Civil Action No. 95-0349 (D.D.C. April 17, 1996) that 24 months was too long a period for a case to be on inactive status.

Twenty one cases have remained on the Central Enforcement Docket for a sufficient period of time to render them stale, all of which are recommended for closure in this Report.⁴ This group includes four MURs that became stale several months ago, but were held pending criminal prosecution by the Department of Justice.⁵ DOJ obtained convictions in the two criminal cases related to these four MURs (*U.S. v. Jay Kim* and *U.S. v. Dynamic Energy Resources*) based upon guilty pleas by the key defendants, who are also the principal respondents in our pending matters. Pursuit of civil enforcement action in view of the satisfactory results obtained in the criminal cases would not be the most effective use of the Commission's scarce resources at this time.

We recommend that the Commission exercise its prosecutorial discretion and direct closure of the cases listed below, effective August 29, 1997. Closing these cases as

⁴ These cases are: MUR 4274 (*GOPAC*); MUR 4358 (*Miller for Senate*); MUR 4361 (*ABC-TV*); MUR 4368 (*Citizens Business Bank*); MUR 4380 (*AFGE Local 2391 PAC*); MUR 4385 (*Dial for Congress*); MUR 4386 (*Zimmer for Senate*); MUR 4396 (*ABC*); MUR 4404 (*Friends of Steve Stockman*); MUR 4410 (*39th Legislative District*); MUR 4417 (*Our Choice II*); MUR 4422 (*Desana for Congress Committee*); and Pre-MUR 336 (*Park National Bank & Trust*).

⁵ These cases are: MUR 3796 (*Jay Kim for Congress*); MUR 3798 (*Jay Kim*); MUR 4273 (*Jay Kim*); and MUR 4356 (*Dynamic Energy Resources*). In dismissing the Jay Kim cases, we also recommend closing Pre-MUR 352, which is the transmittal of the guilty plea agreement and related documentation in the criminal case against Congressman Kim forwarded by United States Attorney's office.

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of this date will permit CED and the Legal Review Team the necessary time to prepare closing letters and case files for the public record.

III. RECOMMENDATIONS.

A. Decline to open a MUR, close the file effective August 29, 1997, and approve the appropriate letters in the following matters:

Pre-MUR 336

Pre-MUR 352

B. Take no action, close the file effective August 29, 1997, and approve the appropriate letters in the following matters:

| | | | |
|----------|----------|----------|----------|
| MUR 3796 | MUR 4396 | MUR 4522 | MUR 4559 |
| MUR 3798 | MUR 4404 | MUR 4523 | MUR 4560 |
| MUR 4274 | MUR 4410 | MUR 4524 | MUR 4562 |
| MUR 4275 | MUR 4417 | MUR 4526 | MUR 4566 |
| | MUR 4422 | MUR 4528 | MUR 4574 |
| MUR 4356 | MUR 4470 | MUR 4529 | MUR 4576 |
| MUR 4358 | MUR 4478 | MUR 4532 | MUR 4579 |
| MUR 4361 | MUR 4492 | MUR 4535 | MUR 4580 |
| MUR 4368 | MUR 4498 | MUR 4537 | MUR 4584 |
| | MUR 4506 | MUR 4541 | MUR 4588 |
| MUR 4380 | MUR 4512 | MUR 4548 | MUR 4613 |
| MUR 4385 | MUR 4517 | MUR 4550 | |
| MUR 4386 | MUR 4518 | MUR 4551 | |
| | MUR 4520 | MUR 4557 | |

8/14/97
Date

Lawrence M. Noble (LM)
Lawrence M. Noble
General Counsel

Attachment:
Case Summaries

97043840396

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Enforcement Priority) Agenda Document No. X97-55

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on August 19, 1997, do hereby certify that the Commission decided by a vote of 4-1 to take the following actions with respect to Agenda Document No. X97-55:

- A. Decline to open a MUR, close the file effective August 29, 1997, and approve the appropriate letters in the following matters:
1. Pre-MUR 336.
 2. Pre-MUR 352.
- B. Take no action, close the file effective August 29, 1997, and approve the appropriate letters in the following matters:
1. MUR 3796.
 2. MUR 3798.
 3. MUR 4274.
 4. MUR 4275.
 5. MUR 4356.
 6. MUR 4358.
 7. MUR 4361.
 8. MUR 4368.
 9. MUR 4380.
 10. MUR 4385.
 11. MUR 4385.
 12. MUR 4396.
 13. MUR 4404.
 14. MUR 4410.
 15. MUR 4417.
 16. MUR 4422.
 17. MUR 4470.
 18. MUR 4478.

(continued)

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Federal Election Commission
Certification: Enforcement Priority
August 19, 1997

Page 2

19. MUR 4492. 20. MUR 4498. 21. MUR 4506.
22. MUR 4512. 23. MUR 4517. 24. MUR 4518.
25. MUR 4520. 26. MUR 4522. 27. MUR 4523.
28. MUR 4524. 29. MUR 4526. 30. MUR 4528.
31. MUR 4529. 32. MUR 4532. 33. MUR 4535.
34. MUR 4537. 35. MUR 4541. 36. MUR 4544.
37. MUR 4550. 38. MUR 4551. 39. MUR 4557.
40. MUR 4559. 41. MUR 4560. 42. MUR 4562.
43. MUR 4566. 44. MUR 4574. 45. MUR 4576.
46. MUR 4579. 47. MUR 4580. 48. MUR 4584.
49. MUR 4588. 50. MUR 4613.

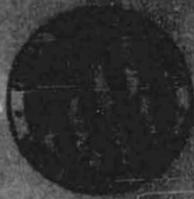
Commissioners Aikens, McDonald, McGarry, and Thomas
voted affirmatively for the decision; Commissioner Elliott
dissented.

Attest:

8-21-97
Date

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

97043840398



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 29, 1997

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Jamaine R. Mohr
832 West 33rd Street
Loveland, CO 80538

RE: MUR 4613

Dear Ms. Mohr:

On January 17, 1997, the Federal Election Commission received your complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act").

After considering the circumstances of this matter, the Commission 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 August 29, 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

97043840399

Attachment

Complainants Jannine R. Mohr, Charlotte S. McDaniel and Sherrie M. Wolff state that they were employed as Campaign Manager, Deputy Campaign Manager and General Consultant by Guy Kelley for Congress through mid-October 1996. In the 1996 July Quarterly, the 1996 12 Day Pre-Primary and the 1996 October Quarterly Reports, the Schedule D disclosed debts owed them for deferred payment and consulting fees. Complainants allege that the Committee dropped the \$32,750 in debts owed them from their reports, and amended previous reports to delete the debts. They also allege that the Committee did not disclose them in subsequent reports, even though the debts remained unsatisfied.

The Committee responds that the agreement with Ms. Mohr was to pay her salary and reimburse expenses when funds were available. The agreement with Ms. McDaniel was to reimburse her expenses when funds were available but not to pay her a salary. Sherrie Wolff was paid \$1,500 for her consulting services; the Committee believes that this represented full and final payment. The Committee alleges that the complainants directed the disclosure of the unsupported debts on the FEC reports. When Ms. Mohr left, her replacement removed the debts because there was no documentation to support them, and because he believed the debts had been fully satisfied. The Committee further states the U.S. Department of Labor investigated and dismissed this matter, that Ms. Wolff's dispute has been settled, and that it is attempting to resolve the dispute with the remaining complainants. After notification of the complaint, the Committee filed an amended 1996 Year End Report that disclosed \$29,100 in disputed debts regarding these three complainants. The disclosure of these debts included a statement that the Committee believes no money is owed to the complainants.

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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 29, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Charlotte S. McDaniel
813 West 36th Street
Loveland, CO 80538

RE: MUR 4613

Dear Ms. McDaniel:

On January 17, 1997, the Federal Election Commission received your complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act").

After considering the circumstances of this matter, the Commission 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 August 29, 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 Tarley
Supervisory Attorney
Central Enforcement Docket

Attachment:
Narrative

97043840401

MUR 4613
GUY KELLEY FOR CONGRESS

Complainants Jannine R. Mohr, Charlotte S. McDaniel and Sherrie M. Wolff state that they were employed as Campaign Manager, Deputy Campaign Manager and General Consultant by Guy Kelley for Congress through mid-October 1996. In the 1996 July Quarterly, the 1996 12 Day Pre-Primary and the 1996 October Quarterly Reports, the Schedule D disclosed debts owed them for deferred payment and consulting fees. Complainants allege that the Committee dropped the \$32,750 in debts owed them from their reports, and amended previous reports to delete the debts. They also allege that the Committee did not disclose them in subsequent reports, even though the debts remained unsatisfied.

The Committee responds that the agreement with Ms. Mohr was to pay her salary and reimburse expenses when funds were available. The agreement with Ms. McDaniel was to reimburse her expenses when funds were available but not to pay her a salary. Sherrie Wolff was paid \$1,500 for her consulting services; the Committee believes that this represented full and final payment. The Committee alleges that the complainants directed the disclosure of the unsupported debts on the FEC reports. When Ms. Mohr left, her replacement removed the debts because there was no documentation to support them, and because he believed the debts had been fully satisfied. The Committee further states the U.S. Department of Labor investigated and dismissed this matter, that Ms. Wolff's dispute has been settled, and that it is attempting to resolve the dispute with the remaining complainants. After notification of the complaint, the Committee filed an amended 1996 Year End Report that disclosed \$29,100 in disputed debts regarding these three complainants. The disclosure of these debts included a statement that the Committee believes no money is owed to the complainants.

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

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FEDERAL ELECTION COMMISSION

**CERTIFIED MAIL,
RETURN RECEIPT REQUESTED**

Sherrie M. Wolff
2900 Julliard Street
Boulder, CO 80303

RE: [REDACTED]

Dear Ms. Wolff:

On January 17, 1997, the Federal Election Commission (the Commission) received a complaint (the "Complaint") alleging certain violations of the Federal Election Campaign Act of 1971 (the "Act").

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion and to take no action against the respondent. Accordingly, the Commission closed its file in this matter. 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 action. See 2 U.S.C. § 437g.

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Attachment

MUR 4613
GUY KELLEY FOR CONGRESS

Complainants Jannine R. Mohr, Charlotte S. McDaniel and Sherrie M. Wolff contend they were employed as Campaign Manager, Deputy Campaign Manager and General Counsel by Guy Kelley for Congress through mid-October 1996. In the 1996 July Quarterly, the 1996 12 Day Pre-Primary and the 1996 October Quarterly Reports, the Schedule D disclosed debts owed them for deferred payment and consulting fees. Complainants allege that the Committee disclosed the \$32,750 in debts owed them from their reports, and amended previous reports to delete the debts. They also allege that the Committee did not disclose them in subsequent reports, even though the debts remained unsatisfied.

The Committee responds that the agreement with Ms. Mohr was to pay her salary and reimburse expenses when funds were available. The agreement with Ms. McDaniel was to reimburse her expenses when funds were available but not to pay her a salary. Sherrie Wolff was paid \$1,500 for her consulting services; the Committee believes that this represented full and final payment. The Committee alleges that the complainants directed the disclosure of the unsupported debts on the FEC reports. When Ms. Mohr left, her replacement removed the debts because there was no documentation to support them, and because he believed the debts had been fully satisfied. The Committee further states the U.S. Department of Labor investigated and dismissed this matter, that Ms. Wolff's dispute has been settled, and that it is attempting to resolve the dispute with the remaining complainants. After notification of the complaint, the Committee filed an amended 1996 Year End Report that disclosed \$29,100 in disputed debts regarding these three complainants. The disclosure of these debts included a statement that the Committee believes no money is owed to the complainants.

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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 29, 1997

Lyn Utrecht, Esq.
Oldaker, Ryan, Phillips & Utrecht
818 Connecticut Avenue, NW, Suite 1100
Washington, DC 20463

RE: MUR 4613
Guy Kelley for Congress Committee
Brandon Arbuthnot, former Treasurer

Dear Ms. Utrecht:

On January 22, 1997, 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 August 29, 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 on our toll-free number, (800)-424-9530. Our local number is (202) 219-3690.

Sincerely,

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

Attachment
Narrative

97043840405

MUR 4613
GUY KELLEY FOR CONGRESS

Complainants Jannine R. Mohr, Charlotte S. McDaniel and Sherrie M. Wolff state that they were employed as Campaign Manager, Deputy Campaign Manager and General Consultant by Guy Kelley for Congress through mid-October 1996. In the 1996 July Quarterly, the 1996 12 Day Pre-Primary and the 1996 October Quarterly Reports, the Schedule D disclosed debts owed them for deferred payment and consulting fees. Complainants allege that the Committee dropped the \$32,750 in debts owed them from their reports, and amended previous reports to delete the debts. They also allege that the Committee did not disclose them in subsequent reports, even though the debts remained unsatisfied.

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The 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 # 4613

DATE FILMED 9-28-97 CAMERA NO. 4

CAMERAMAN JMK

97043840407



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Date: 11/7/97

 Microfilm

 Press

THE ATTACHED MATERIAL IS BEING ADDED TO CLOSED MUR 4613

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October 2, 1997

CLOSED

Mr. F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket
Federal Election Commission
Washington, D.C. 20463

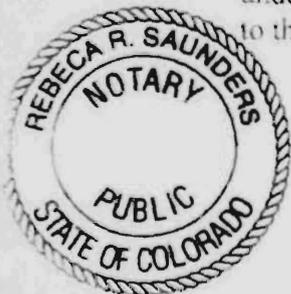
Dear Mr. Turley:

We are in receipt of your letter dated August 29, 1997 regarding our complaint against Guy Kelley for Congress (MUR 4613). We strongly believe that this matter is of sufficient gravity to warrant further action.

You have indicated that this issue is "less significant relative to other matters pending before the Commission." We are perplexed by this conclusion. The issues in this complaint involve whether or not campaigns will be held accountable for complying with the law and whether or not they are required to provide accurate information in response to a complaint. In light of current public opinion regarding public officials and their election practices, we find it somewhat disconcerting that the agency charged with protecting the integrity of the election process would deem these issues insignificant.

The following appear to be more than areas of disagreement, but areas where you may have been provided inaccurate information:

- 1). The Campaign alleges that "[t]he agreement with Ms. McDaniel was to reimburse her expenses when funds were available but not to pay her a salary." The detailed operating budget for the Campaign showed a line-item salary amount for Ms. McDaniel's position which was Deputy Campaign Manager Field Director. Additionally, Ms. McDaniel received a W2 form reflecting wages paid to her by the Campaign for income tax purposes.
- 2). The Campaign alleges that "the complainants directed the disclosure of the unsupported debts on the FEC reports." Furthermore, the Campaign claims that "[w]hen Ms. Mohr left, her replacement removed the debts because there was no documentation to support them . . ." This information is incorrect. Ms. Cathy Kipp, Custodian of Records Bookkeeper for the Campaign, maintained records of the debt. It is our understanding that the documentation, in electronic and hard copy forms, was turned over to the Campaign by Ms. Kipp after our departure from the Campaign. Furthermore, we



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provided copies of this documentation to Mr. Kelley when we made a formal demand for our back wages in October of 1996.

3). The Campaign further asserts "the U.S. Department of Labor investigated and dismissed this matter . . ." To our knowledge, the U.S. Department of Labor has never investigated this matter. Ms. McDaniel did, however, file a claim for her back wages with the Colorado Department of Labor. It is our understanding that Mr. Kelley disputed Ms. McDaniel's claim. Because the Colorado Department of Labor was unable to get agreement from the two parties and has no enforcement authority, Ms. McDaniel was advised that her recourse was to the court. It is important to note that the Colorado Department of Labor did not "dismiss" Ms. McDaniel's claim as the Campaign would have you believe. Additionally, to our knowledge, the Colorado Department of Labor never investigated Ms. Mohr's wage debt nor Ms. Wolf's consulting fees.

We are able to provide documentation for each item listed above as well as sworn affidavits, should they become necessary. We recognize that upon filing our complaint, you advised us to send relevant documentation to you regarding the complaint. Since we had no reason to believe that the Campaign would provide you with erroneous information, we could not have possibly known what information would be deemed "relevant."

Furthermore, we believe that your decision not to investigate this issue further sets a bad precedent. This decision weakens the right of campaign staff members and creditors to have a reasonable expectation of being paid for their services. In our opinion, the Commission's decision here essentially permits future campaigns to avoid paying debts by removing those debts from their reports and then merely claiming that there was no documentation to support them. We sincerely hope that this is not your intention.

This document was subscribed and sworn to before me on this 2 day of October, 1997.

Rebecca R. Saunders

Notary Public
State of Colorado, County of Boulder

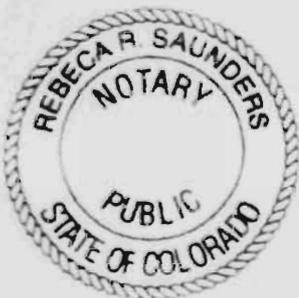
My Commission Expires 02/26/2001

Sincerely yours,

Jannine R. Mohr
Jannine R. Mohr

Charlotte S. McDaniel

Charlotte S. McDaniel



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STATEMENT OF SHERRIE M. WOLFF
IN THE COMPLAINT AGAINST GUY KELLEY FOR CONGRESS
(MUR 4613)

This statement is to support the letter from Jannine R. Mohr and Charlotte S. McDaniel in the complaint against Guy Kelley for Congress (MUR 4613). While I was an original signatory in that complaint, Mr. Kelley and I have since settled our case and I have been advised that it would be appropriate for me to attach a separate statement rather than sign the letter from Ms. Mohr and Ms. McDaniel.

I do, however, concur in their statements that this matter is very significant in that it involves providing inaccurate information to the Federal Election Commission. It has been my understanding that FEC reports are statements which should reflect accuracy. The information supplied by the Kelley for Congress campaign from the middle of October 1996 on were often incorrect, especially in reference to the debts owed by that campaign. To dismiss the complaint simply because the ~~complainant~~ *respondent* apparently, supplied inaccurate information does a disservice to the entire FEC disclosure process. It would also appear to encourage this method as one to pursue in order to avoid unwanted debts by a campaign. I am sure this is not the message you meant to convey.

This document was subscribed and sworn to
me on this 2 day of October, 1997.

Sincerely yours,

[Signature]
Sherrie M. Wolff

Notary Public
State of Colorado, County of Boulder

My Commission Expires 10/01/00

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