



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 4627

DATE FILMED 5-27-57 CAMERA NO. 4

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 28, 1997

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

MUR4627

THROUGH: JOHN C. SURINA
STAFF DIRECTOR

FROM: ROBERT J. COSTA
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

RJC

SUBJECT: NEW HAMPSHIRE DEMOCRATIC STATE COMMITTEE —
REFERRAL MATTER

On March 19, 1997, the Commission approved the Final Audit Report on the New Hampshire Democratic State Committee. The report was released to the public on March 27, 1997. As a result, the attached findings (Finding II.A.2. — Source of Contributions, Cashier's Checks and Finding II. B. Disclosure of Joint Fundraising Activity) from the final audit report is being referred to your office.

All workpapers and related documentation are available for review in the Audit Division. Should you have any questions regarding this matter, please contact Marty Favin or Rick Halter at 219-3720.

Attachments:

- Finding II.A. (Source of Contributions), Final Audit Report
- Finding II. B. (Disclosure of Joint Fundraising Activity), Final Audit Report

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II. AUDIT FINDINGS AND RECOMMENDATIONS

A. SOURCE OF CONTRIBUTIONS

Section 110.4(c)(3) of Title 11 of the Code of Federal Regulations states that a candidate or committee receiving an anonymous cash contribution in excess of \$50 shall promptly dispose of the amount over \$50. The amount over \$50 may be used for any lawful purpose unrelated to any Federal election, campaign, or candidate.

2. Cashier's Checks

During our review of contributions from individuals, we noted a deposit into the Committee's main federal account of seven sequentially numbered cashier's checks, totaling \$12,000. The seven cashier's checks, all dated November 23, 1993, were drawn on the Interbank of New York. A notation on the deposit documentation stated "Chris Spirou NY Fundraiser."

Information made available related to this deposit consisted of: (a) a photocopy of the deposit ticket; (b) photocopies of each of the seven cashier's checks; (c) notations containing the name, address, occupation and/or name of employer of seven individuals²; (d) a photocopy of an apparent draft invitation to an event which stated that the event date was November 15, 1993; and (e) a list of potential invitees to the event (which contained the name of one of the seven individuals - Lakis Papadopoulos).

The draft invitation noted that an event was to be held at the Karyatis Restaurant in Astoria, New York on November 15, 1993³, to honor Chris Spirou, the Committee Chairman at that time, "...for his accomplishments and contributions to the community." This invitation requested that checks, made payable to "Friends of Chris Spirou," be sent to the restaurant to the attention of Lakis Papadopoulos⁴. The Audit staff determined that no committee with the name "Friends of Chris Spirou" was registered with the Federal Election Commission or with the New Hampshire Secretary of State at that time.

No other information was made available. It appears that the cashier's checks were the only funds received from this event and that these individuals made no other contributions to the Committee during the period covered by the audit. The \$12,000 received from this event accounted for approximately 10% of total reported contributions from individuals during the period covered by the audit. No disbursements associated with this event were reported by the Committee.

A photocopy of the deposit ticket listing the seven cashier's checks in question, was provided to the Committee at the exit conference. The Audit staff requested that the Committee obtain and submit documentation as to the source of funds relative to these seven contributions. The Committee Treasurer stated that he was unfamiliar with the particulars of this event, but that he would ask the former Treasurer for information about this event and provide it to the Audit staff.

In the interim audit report, the Audit staff recommended that the Committee provide evidence, such as signed statements from the named individuals, regarding the source(s) of funds used to purchase the seven cashier's checks noted above. It was further recommended that the Committee provide an itemization of all expenses associated with this event, to include for each expense, the name and address of the vendor,

² One of the named individuals was identified as "Vice President of Interbank."

³ The date as printed in the document was apparently November 7, 1993.

⁴ Mr. Papadopoulos' occupation is noted as "contractor" on the documentation related to the cashier's check attributed to him. Reported entries for contributions made by a Lakis Papadopoulos to a Senatorial campaign during calendar year 1993 included the following occupations/name of employers: Business Executive/Promo-Pro Ltd. and Restaurateur/Karyatis Restaurant.

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date, amount, and purpose, as well as the identification of the person(s) who defrayed these expenses.

In the Committee's response to the interim audit report, the Committee Treasurer stated that he was only able to obtain "second and third hand information" relative to the seven cashier's checks and it appeared that the only Committee staff connected with this event was Chris Spirou, the former Committee Chairman, who he has not been able to locate. He added that the checks included the required contributor information and the treasurer at that time probably conferred with counsel prior to depositing them.

The Treasurer also provided photocopies of certified letters he had sent to the seven named individuals requesting them to sign a written statement that the donations were from their personal funds. These letters also requested details about the event in question and asked the individuals to provide information about why cashier's checks were used. The response included photocopies of envelopes stamped "returned to sender" relative to four of the seven letters and the Treasurer added that no responses were received from the other three. He also stated that he was unable to find any expenses relative to this event and he assumed the event was "only coincidental to the party contributions" because there were so few contributions.

The Audit staff notes that a question still remains as to the source of funds involved.

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B. DISCLOSURE OF JOINT FUNDRAISING ACTIVITIES

Section 102.17(c)(8)(B) states, in part, that each committee participating in a joint fundraising activity, shall report its share of net proceeds received as a transfer-in from the fundraising representative and shall also file a memo Schedule A itemizing its share of gross receipts as contributions from original contributors to the extent required under 11 CFR 104.3(a).

During the period covered by the audit, the Committee received eight checks, totaling \$17,106, drawn on the account of the Democratic State Party Victory Fund. The Committee's deposit records contained a photocopy of each check along with a letter from the chairman of the Democratic National Committee (DNC). Each letter stated that the funds being transferred represented the current net income available to the Committee from the "DNC State Party Direct Mail Program" and that the check should have been deposited into the federal account. The letter explained that this program was a joint fundraising effort between the DNC, the 49 State Democratic Committees, and the DC Democratic Party.

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BEFORE THE FEDERAL ELECTION COMMISSION

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FEDERAL ELECTION
COMMISSION
SECRETARIAT

APR 28 4 09 PM '97

In the Matter of)
)
Enforcement Priority System II)
)

SENSITIVE

GENERAL COUNSEL'S REPORT

I. INTRODUCTION

The case listed below has been identified as a low rated matter under the Enforcement Priority System II ("EPS II") for cases assigned to OGC Public Financing, Ethics & Special Projects ("PFESP") staff. This report is submitted to recommend that the Commission no longer pursue this low rated matter.

II. CASES RECOMMENDED FOR CLOSING

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

EPS II was created to identify pending cases which, due to the lower priority of the issues raised relative to other matters pending before the Commission, do not warrant the further expenditure of resources. The PFESP Docket 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 one matter which does not warrant further action relative to other pending matters. See MUR 4627 (New Hampshire Democratic State Committee).

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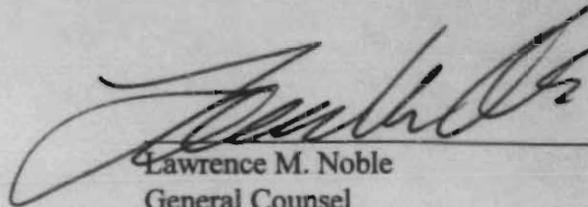
We recommend that the Commission exercise its prosecutorial discretion and direct closure of this matter effective May 5, 1997. Closing this matter as of May 5, 1997, will permit the PFESP Docket and the Legal Review Team the necessary time to prepare the closing letter and case file for the public record.

III. RECOMMENDATIONS

1. Take no action and close the file effective May 5, 1997, with respect to MUR 4627; and
2. Approve the appropriate letters.

Date

4/28/97


 Lawrence M. Noble
 General Counsel

Attachments

1. Description of MUR 4627
2. Referral materials not previously circulated

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
New Hampshire Democratic State) MUR 4627
Committee--Enforcement Priority)
System II.)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on May 2, 1997, the Commission decided by a vote of 5-0 to take the following actions in MUR 4627:

1. Take no action and close the file effective May 5, 1997, with respect to MUR 4627.
2. Approve the appropriate letters, as recommended in the General Counsel's Report dated April 28, 1997.

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

Attest:

5/2/97
Date

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

Received in the Secretariat: Mon., April 28, 1997 4:09 p.m.
Circulated to the Commission: Tues., April 29, 1997 11:00 a.m.
Deadline for vote: Fri., May 02, 1997 4:00 p.m.

bjr

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 14, 1997

Gaetan Digangi, Treasurer
New Hampshire Democratic
State Committee
150 North Main Street
Concord, NH 03301

RE: MUR 4627

Dear Mr. Digangi:

On March 28, 1997, the Audit Division referred certain matters to the Office of General Counsel involving the New Hampshire Democratic State Committee ("the Committee") and Gaetan Digangi, as treasurer, for possible enforcement action. *See Referral Materials.* The referral emanated from an audit of the Committee undertaken pursuant to 2 U.S.C. § 438(b).

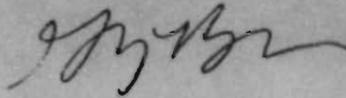
After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no action against the Committee and Richard W. Jackson, as treasurer. Accordingly, the Commission closed its file in this matter on May 2, 1997.

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.

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

Sincerely,



Gregory R. Baker
Special Assistant General Counsel

March 28, 1997

Enclosure
Referral Materials

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 4627

DATE FILMED 5-27-97 CAMERA NO. 4

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