



FEDERAL ELECTION COMMISSION
WASHINGTON DC 20463

THIS IS THE BEGINNING OF MUR # 4628

DATE FILMED 1-12-98 CAMERA NO. 2

CAMERAMAN E.S.

28043853010

Shelby/Blaseg, Inc.

March 24, 1997

Office of General Counsel
Federal Election Commission
999 E Street, NW
Washington, DC 20463

MUR 4628

MAR 31 2 08 PM '97

FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

Dear Sirs:

We wish to file a complaint against the Gutknecht for Congress Committee regarding the non-reporting of our invoices. Our company, Shelby/Blaseg, Inc., 1223 Potomac Street, NW, Washington, DC 20007, (202) 625-6404, billed the Gutknecht for Congress Committee for services and these bills were not included on their FEC reports.

The attached memorandums show our repeated attempts to notify the Committee of their non-compliance and we believe the failure to disclose our invoices was an attempt to avoid paying our bill.

Additionally, you will find enclosed a copy of a check sent to Shelby/Blaseg, Inc. from the Gutknecht for Congress Committee which states a full and final settlement of all claims. This also is a violation as neither the FEC nor Shelby/Blaseg, Inc. agreed to any settlement. Shelby/Blaseg, Inc cannot settle with the Gutknecht for Congress Committee as this would be a corporate contribution to the campaign and therefore against the law.

Report	Due	Invoice (not reported)
Post General Election	12/5/96	GGCM-96094
Year-end	1/31/97	GGCM-96105

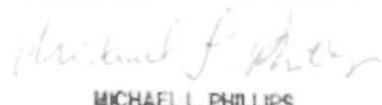
During the 15 months we contracted to the Committee, all invoices were handled by Mr. Mike Alm, who rotates between the campaign and congressional staff, and, you will see that the memorandums enclosed were addressed to him. The campaign treasurer is David E. Byer and the contract signatory was Mr. John Wade, the current Chief of Staff.

After repeated memorandums, notices of intent to file a complaint with the FEC and phone calls, on March 6, 1997 the Committee finally agreed to file an amended year-end report which included an outstanding debt of \$8950.95 owed to Shelby/Blaseg, Inc. This amount was incorrectly reported as Primary Election activity. The activity was for the General Election. We have received two payments from Gutknecht for Congress, one for \$3241.95 on 1/22/97 and one for \$2352.08 on 2/7/97, these amounts should be deducted against the \$8950.95 on future reports.

Sincerely,


Monica Shelby

SUBSCRIBED AND SWORN (AFFIRMED) BEFORE
ME BY Monica Shelby ON
THIS 27th DAY OF March 19 97

 
MICHAEL L. PHILLIPS
Judy Blaseg

NOTARY PUBLIC DISTRICT OF COLUMBIA
MY COMMISSION EXPIRES: JUNE 30, 1998

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Shelby/Blaseg, Inc.

Mr. Mike Alm
Gutknecht for Congress
1530 Greenview Drive, SW #108
Rochester, MN 55902

December 2, 1996

INVOICE NO.: GGCM-96105

28043853017

TOTAL PAC DOLLARS RAISED BY SBI		
1995 7/1/95 - 12/31/95	\$	52,800.00
		x .08
		=====
	\$	4,224.00 Commission due
1996 1/1/96-11/25/96	\$	97,200.00
		x .08
		=====
	\$	7,776.00 Commission due
	\$	102,124.60
		x .12
		=====
		12,254.95 Commission due

\$	252,124.60	TOTAL FUNDS RAISED	-
\$	150,000.00	x .08 =	12,000.00
\$	102,124.60	x .12 =	12,254.95
		=====	
\$	24,254.95	TOTAL COMMISSION DUE	

COMMISSION PAID

8/3/95	\$	6,750.00	(540.00)
8/15/96	\$	5,000.00	(400.00)
8/28/96	\$	5,600.00	(448.00)
10/12/96	\$	6,250.00	(500.00)
11/9/96	\$	5,200.00	(416.00)
12/4/96	\$	12,500.00	(1,000.00)
		=====	=====
		41,300.00	(3,304.00)

COMMISSION PAID

DRAW PAID

1/96	(1,000.00)
2/96	(1,000.00)
3/96	(1,000.00)
4/96	(1,000.00)
5/96	(1,000.00)
6/96	(1,000.00)
7/96	(1,000.00)
8/96	(1,000.00)
9/96	(1,000.00)
10/96	(1,000.00)
11/96	(1,000.00)
12/96	(1,000.00)
=====	

(12,000.00) DRAW PAID

15,304.00 TOTAL COMMISSION PAID

TOTAL COMMISSION DUE 24,254.95
 TOTAL COMMISSION PAID 15,304.00

TOTAL DUE THIS INVOICE \$ 8,950.95

PLEASE REMIT TO: SHELBY/BLASEG, INC., 1223 POTOMAC STREET., NW, WASHINGTON, DC 20007. THANK YOU.

28043853013

(Handwritten circle around \$ 8,950.95)

*paid # 2729 = 1/22/97
 \$3291.95*

*still due \$5709.
 paid via # 2799 = \$2353.08*

\$3356.92

Shelby/Blaseg, Inc.

Mr. Mike Alm
Gutknecht for Congress
1530 Greenview Drive, SW #108
Rochester, MN 55902

October 29, 1996

INVOICE NO.: GGCM-96094

TOTAL PAC DOLLARS RAISED BY SBI

1995 7/1/95 - 12/31/95 \$ 52,800.00
x .08
=====

\$ 4,224.00 Commission due

1996 1/1/96-10/29/96 \$ 97,200.00
x .08
=====

\$ 7,776.00 Commission due

\$ 61,325.07
x .12
=====

7,359.00 Commission due

\$ 211,325.07 TOTAL FUNDS RAISED

\$ 150,000.00 x .08 = 12,000.00

\$ 61,325.07 x .12 = 7,359.00

=====

\$ 19,359.00 TOTAL COMMISSION DUE

28043853014

COMMISSION PAID

8/3/95	\$	6,750.00	(540.00)
8/15/96	\$	5,000.00	(400.00)
8/28/96	\$	5,600.00	(448.00)
10/12/96	\$	6,250.00	(500.00)
11/9/96	\$	5,200.00	(416.00)
12/4/96	\$	12,500.00	(1,000.00)
		=====	=====
		41,300.00	(3,304.00)

COMMISSION PAID

DRAW PAID

1/96	(1,000.00)
2/96	(1,000.00)
3/96	(1,000.00)
4/96	(1,000.00)
5/96	(1,000.00)
6/96	(1,000.00)
7/96	(1,000.00)
8/96	(1,000.00)
9/96	(1,000.00)
10/96	(1,000.00)
	=====

(10,000.00) DRAW PAID

13,304.00 TOTAL COMMISSION PAID

TOTAL COMMISSION DUE	19,359.00
TOTAL COMMISSION PAID	(13,304.00)
	=====

TOTAL DUE THIS INVOICE \$ 6,055.00

PLEASE REMIT TO: SHELBY/BLASEG, INC., 1223 POTOMAC STREET., NW, WASHINGTON, DC 20007. THANK YOU.

28047853019

Shelby/Blaseg, Inc.

March 19, 1997

The Honorable Gil Gutknecht
United States House of Representatives
Washington, DC 20515

Dear Gil,

We have repeatedly tried to ensure that your campaign committee is in compliance with Federal Election law regarding outstanding invoice #96105. Despite our best efforts, to our knowledge, the Committee remains in violation.

After four months, Mike Alm has indicated he has filed an amended FEC report listing your campaign's financial obligation to Shelby/ Blaseg, Inc. However, the Committee is insisting this debt is paid without FEC approval or SBI's agreement.

Neither the FEC nor Shelby/Blaseg has approved or agreed to this "settlement", therefore the Committee is in violation of FEC guidelines. As a vendor to the Committee, we are unable to accept any settlement without FEC approval.

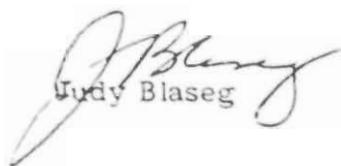
Unless we hear from you regarding payment of the debt within 72 hours, we will have no recourse but to proceed with filing a complaint.

We wanted to inform you, our client, and John Wade, the contract signatory, once last time, that simple payment in full of this bill (\$3356.92) and of the commission due on funds received on the 1996 year end report ($\$3250.00 \times .12\% = \390.00) would resolve this matter with the FEC and with Shelby/Blaseg, Inc.

Sincerely,


Monica Shelby

cc: John Wade


Judy Blaseg

28943853016

Shelby/Blaseg, Inc.

MEMORANDUM

TO: Congressman Gil Gutknecht
From: Judy Blaseg
Monica Shelby
Date: 1/9/97
Subject: Past Due Invoice

Despite numerous faxed memorandums and daily attempts to reach Mike Alm by telephone we have received no response regarding Invoice #GGCM-96105 in the amount of \$ 8,950.95 which is past due.

On Tuesday, January 7, 1997, John Wade informed us that per your instructions, we were to deal exclusively with Mike Alm on this matter.

We want you to know we have been unsuccessfully attempting to reach him to resolve this matter for the past two and a half months.

Since Mike Alm refuses to take our phone calls or respond to our written memorandums we are left with no choice but to proceed ahead with legal action and reporting.

We deeply regret this course of action. We enjoyed working with you and were by all measures very successful. Hopefully, we will hear from you by the end of business on Friday, January 10, 1997 to resolve this matter. However, if we do not hear from by that time, we will be forced to proceed with legal action.

2804085301A

Shelby/Blaseg, Inc.

January 4, 1997

Mr. Mike Alm
Gutknecht for Congress
1530 Greenview Drive, SW, Suite 108
Rochester, MN 55902

Dear Mike:

We are in receipt of your January 2, 1997 memorandum. Not only does our letter of agreement clearly state we will be paid a commission on all PAC funds raised, our attorney has advised us under Federal Election law acceptance of partial payment would constitute an illegal corporate campaign contribution of \$5709.00 from Shelby/Blaseg to the Gutknecht for Congress Committee. We are therefore unable to comply with your request to forgive commission on \$47,575.00 and we expect prompt payment in full.

We would suggest verification of this legal opinion with either Lawrence M. Noble, General Counsel, Federal Election Commission at (202) 219-3690 or Ted Van Der Meid, Chief Counsel, the United States House of Representatives Standards of Official Conduct Committee at (202)225-7103.

We would be happy to discuss this matter with you directly should you have any questions.

Sincerely,


Judy Blaseg


Monica Shelby

cc: The Honorable Gil Gutknecht
John Wade, Office of Congressman Gutknecht

28043853018

Shelby/Blaseg, Inc.

June 1, 1995

Mr. John Wade
Chairman, Gutknecht for U.S. Congress
P.O. Box 6428
Rochester, MN 55903

URGENT
Best Wishes
John Wade

LETTER OF AGREEMENT FOR FUND-RAISING SERVICES

Dear John:

This letter sets forth our agreement under which Shelby/Blaseg, Inc. will be Gutknecht for U.S. Congress's fund-raiser for the purpose of raising funds from the political action committee/major donor community.

PARTIES

Our agreement is between SHELBY/BLASEG, INC. (SBI), on the one hand and you, the GUTKNECHT FOR U.S. CONGRESS COMMITTEE (COMMITTEE), on the other. For good and valuable consideration we agree as follows:

SERVICES TO BE PROVIDED

SBI will be the COMMITTEE's fund-raiser and will provide all desired services outlined in Section IV of the proposal.

DURATION OF SERVICES

SBI will commence services upon the execution of this agreement; it will conclude December 31, 1996. This agreement does not prohibit SBI's involvement in any other business activities. This agreement may only be terminated provided all outstanding invoices to SBI have been paid in full and 30 days written notice has been given to SBI. Commission and expenses will be paid through the date of termination not the date of notice of termination.

WARRANTY

SBI warrants it will undertake its best efforts to provide all services outlined in the proposal, but it does not guarantee the amount of money to be raised.

28043853019

COMPENSATION

The COMMITTEE shall pay SBI: (1) 8% of all PAC funds raised up to \$150,000. 12% of all PAC funds raised above \$150,000 for the duration of this agreement. Commission is due and payable on the 31st of each month through December 1995. A monthly draw against commission of \$1,000 is due and payable on the first of each month from January 1996 through December 1996 with all other commission due and payable when billed. (2) Reimbursement for all expenses incurred by SBI in relation to providing the COMMITTEE with described services. Expenses include but are not limited to; invitation printing, letter personalization, stationery printing, long distance telephone costs, travel, food, lodging, parking, FAX, and delivery charges. (3) The COMMITTEE agrees to pay all postage in advance for all mailings.

All invoices are due upon receipt. It is understood by both parties that SBI acts only as the COMMITTEE's fund-raiser and is not responsible for any invoices, debts or any other obligations due any vendors for work done for the COMMITTEE. Invoices sent to SBI are for approval only and any and all payment is the sole responsibility of the COMMITTEE.

SHELEY/BLASEG RESPONSIBILITY

SBI's only responsibility under this agreement is to undertake the effort set forth herein. In particular, SBI does not assume by this agreement any responsibility for any other aspect of the COMMITTEE's activities, or any other obligation to the COMMITTEE. The COMMITTEE agrees that it will not take any action which would imply SBI has any responsibility under this agreement other than set forth herein; and the COMMITTEE shall hold harmless and indemnify SBI from all claims, litigation and charges against SBI which arise from the COMMITTEE's actions or the action of other entities undertaken in connection with the COMMITTEE.

ENTIRE AGREEMENT

This letter represents the entire agreement between the parties. It may not be modified except in written form signed by both parties.

The COMMITTEE and SBI regard this agreement as stating a binding legal contract between them. If either party should desire a more formal document to record their contract, one shall be prepared consistent with the terms of this agreement. The costs of such documentation (including legal fees and expenses) shall be paid by the requesting party.

28043853020

Letter of Agreement, Page Three
Shelby/Blaseg, Inc.

CONTROLLING LAW

This agreement shall be interpreted and enforced according to the law of the District of Columbia. Jurisdiction and venue in the courts of the District of Columbia are conceded concerning any disputes arising out of this agreement.

John Wade Quay Blaseg
GUTKNECHT FOR U.S. CONGRESS SHELBY/BLASEG, INC.

6-6-95
(date)

June 1, 1995
(date)

28043853020

January 3, 1997

The Honorable Gil Gutknecht
1530 Greenview Drive, SW, #108
Rochester, MN 55902

Dear Gil:

28043853022
Congratulations on your re-election! We are happy to report we raised \$291,422.77 from PACs through November 25, 1996. Our goal, set in our June 1995 PAC Fund-raising Proposal, was to raise \$300,000 for the Gutknecht for Congress Committee by the end of December 1996. The amount raised does not include any funds received by the campaign from November 26, through December 31, 1995. Many PACs have indicated checks were set during this period and commission will be due on all those funds upon filing of your January 31, 1997 FEC report or as soon as requested check copies are provided to us.

We are currently owed commission of \$8,950.95. The majority of this PAST DUE amount was originally invoiced on October 29, 1996 (Invoice #: GGCM-96094), a second invoice was sent on December 2, 1996 (Invoice #: GGCM-96105) which included additional funds raised.

Despite numerous phone calls and memorandums to Mike Alm and to John Wade, this invoice remains unpaid. Our phone calls are not being taken nor returned by Mike Alm and no date certain has been set for payment. Understandably, we are quite anxious to settle this matter.

We are enclosing for your perusal our Letter of Agreement, the invoices, and our December 3, 1996 memorandum to Mike Alm. All of this information has been previously provided to both Mike and John.

We would appreciate hearing from you by the end of next week regarding the resolution of this matter as the original invoice is now more than 60 days PAST DUE.

Thank you and good luck in the 105th!

Sincerely

Judy Blasog

Monica Shelby

03/18/1997 10:12

50725 58

GUTKNECHT CONGRESS

PAGE 02

ENDORSE HERE

In full and final settlement of all claims related to the Letter of Agreement between Shelby/Blaseg Inc. and the Gutknecht Congressional Committee

Shelby/Blaseg Inc

For joint only
056001079-952130

CRESTAR BANK
815 KING STREET
ALEXANDRIA, VA 22313

FEB 21 97

28 0043853023

FB 97 21

056001079

610000150

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FEDERAL RESERVE BOARD OF GOVERNORS REG. CC

GUTKNECHT FOR U.S. CONGRESS
P.O. BOX 6428
ROCHESTER, MN 55903

2799

PAY TO THE ORDER OF SHELBY/BLASEG INC. DATE 7 Feb 97 \$ 2352.00

Two thousand three hundred fifty-two and 00/100

FOR FINAL SETTLEMENT

AMOUNT *Amount to Buyer*

⑆0002799⑆ ⑆091900698⑆ ⑆270087220⑆ ⑆0000235208⑆

DOLLARS



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 7, 1997

Monica Shelby
Judy Blaseg
Shelby/Blaseg, Inc.
1223 Potomac Street, N.W.
Washington, D.C. 20007

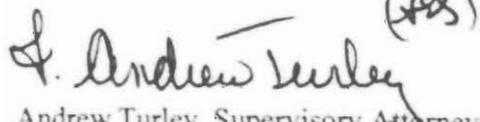
RE: MUR 4628

Dear Ms. Shelby and Blaseg:

This letter acknowledges receipt on March 31, 1997, of your complaint alleging possible violations of the Federal Election Campaign Act of 1971, as amended. The respondents will be notified of this complaint within five business 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 notarized and sworn to in the same manner as the original complaint. We have numbered this matter MUR 4628. 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,


Andrew Turley, Supervisory Attorney
Central Enforcement Docket

Enclosure
Procedures

28043853024



FEDERAL ELECTION COMMISSION
Washington, DC 20463

April 7, 1997

Dr. David Byer, Treasurer
Gutknecht for U.S. Congress Committee
PO Box 6428
Rochester, MN 55903

RE: MUR 4628

Dear Dr. Byer:

The Federal Election Commission received a complaint which indicates that Gutknecht for U.S. Congress Committee ("Committee") and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4628. Please refer to this number in all future correspondence.

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

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

28043853025

If you have any questions, please contact Alva E. Smith at (202) 219-3690. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,

F. Andrew Turley (FAT)

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

Enclosures

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

cc: The Honorable Gilbert William Gutknecht, Jr.

28043853026



FEDERAL ELECTION COMMISSION
Washington, DC 20463

April 7, 1997

John Wade, Chief of Staff
c/o Gutknecht for U.S. Congress Committee
P. O. Box 6428
Rochester, MN 55903

RE: MUR 4628

Dear Mr. Wade:

The Federal Election Commission received a complaint which indicates that you, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4628. Please refer to this number in all future correspondence.

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

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

28043853027

If you have any questions, please contact Alva E. Smith at (202) 219-3690. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,

F. Andrew Turley (signature)

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

Enclosures

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

28043853028

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

APR 21 2 34 PM '97

John Wade
1503 20th Avenue NE
Rochester, MN 55906

April 15, 1997

F. Andrew Turley, Esq.
Central Enforcement Docket
Federal Election Commission
999 E Street NW
Washington, DC 20463

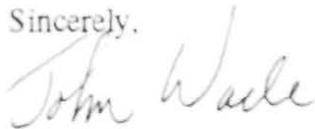
RE: MUR 4628: RESPONSE TO THE SHELBY/BLASEG INC. COMPLAINT
AGAINST THE GUTKNECHT FOR U.S. CONGRESS COMMITTEE

Dear Mr. Turley:

On April 11, 1997, I received a Complaint filed by Shelby/Blaseg Inc. ("Complainant") alleging a reporting error by the Gutknecht for U.S. Congress Committee. I presume the Commission sent this complaint to me personally because I formerly volunteered on the campaign and am mentioned by name in the Complaint.

I am not the Treasurer for Gutknecht for Congress nor do I prepare the Committee's FEC reports. All questions regarding the adequacy of Committee filings should be directed to the Committee.

Sincerely,



John Wade

2804853029

Gutknecht

U.S. CONGRESS

P.O. Box 6428, Rochester, MN 55903
(507) 252-1450 • FAX (507) 252-1458

April 17, 1997

F. Andrew Turley, Esq.
Central Enforcement Docket
Federal Election Commission
999 E Street NW
Washington, D.C. 20463

APR 21 9 58 AM '97

FEDERAL ELECTION COMMISSION

RE: MUR 4628: RESPONSE TO THE COMPLAINT FILED BY SHELBY/BLASEG INC. AGAINST THE GUTKNECHT FOR U.S. CONGRESS COMMITTEE

Dear Mr. Turley:

On April 11, 1997, the Gutknecht for Congress Committee (the "Committee") received a letter from the Commission regarding MUR 4628 -- an administrative complaint filed against it by Shelby/Blaseg Inc. ("Complainant"). This letter serves as the Committee's response to that Complaint.

The entirety of the Complaint hinges on the single allegation that the Committee is improperly reporting a disputed debt for \$3,546.92. Complainant is wrong.

The Committee hired Complainant as a fund-raising vendor during the 1996 election cycle. Throughout 1995 and 1996, Complainant received commission payments pursuant to the parties' agreement. The contract further entailed a payment ceiling which Complainant now contests. The entire dispute thus centers around the Committee's liability for a portion of complainant's "Invoice GGCM-96105." That invoice (dated December 2, 1996) sought payment of \$8,950.95.

Commission regulations require federal committees to report three aspects of disputed debts: the amount the creditor claims is owed; the amount the Committee has already paid the creditor; and the amount the Committee admits it owes. *See 11 C.F.R. § 116.10.* Gutknecht for Congress Committee has satisfied these requirements. Amounts paid to Complainant have been duly reported throughout the past two years. Amounts claimed by the creditor have also been reported -- in its amended year-end report, the Committee acknowledged the full amount in dispute as of December 31, 1996: \$8,950.95. *See Amendment to Gutknecht for Congress Committee's 1996 Year-End Report, April 15, 1997.* The Committee has additionally amended its post-general election report to reflect the amount of the disputed debt at that time (Invoice GGCM-96094). *See Amendment to Gutknecht for Congress Committee's 1996 Post-General Election Report, April 16, 1997.*

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In the first month of 1997, the Committee determined the complete extent of its outstanding liability for Invoice GGCM-96105, paying Complainant \$3,241.95 on January 22, 1997, and \$2,352.08 on February 7. Those payments will properly appear on the Committee's 1997 Mid-Year Report. All that remains is the amount that Complainant still seeks but which the Committee contests, \$3,546.92. That disputed remainder will also appear on the Committee's 1997 Mid-Year Report as a disputed debt, unless Complainant withdraws its baseless assertions once and for all.

It should be noted that Complainant need not wait for Commission approval before withdrawing its improperly-inflated invoice. The withdrawal of a baseless claim by a vendor does not constitute a debt settlement subject to the Commission's Debt Settlement regulations codified at 11 C.F.R. § 116.¹ Likewise, prohibited corporate contributions do not result when corporate vendors cease seeking moneys they are not actually owed.

It appears that Shelby/Blaseg Inc. intends for this complaint to either (1) intimidate the Gutknecht for Congress Committee into paying this disputed debt or (2) inspire Commission intervention and review of the contract. The Complaint should fail on both fronts. The Commission is not the proper forum for vendors to dispute the adequacy of their remuneration, nor are administrative complaints the appropriate vehicle for disgruntled fundraisers. The Committee has properly reported the disputed debt on its amended year-end report and it will continue to report the \$3,546.92 in dispute on its subsequent reports. This is not the type of complaint that warrants the Commission's valuable resources. The Commission should promptly dismiss this baseless Complaint.

Sincerely,

David E. Byer

Dr. David E. Byer, Treasurer
Gutknecht for U.S. Congress Committee

¹ As the Commission explains in its *Campaign Guide for Congressional Candidates*, "[o]nce a disputed debt is resolved, the committee should report the correct amount on the next report, along with a statement explaining that the dispute was resolved." *Id.* at 31. Resolved disputes do not constitute debt settlements.

2804385303

Shelby/Blaseg, Inc.

Oct 9 3 20 PM '97

October 8, 1997

Office of General Counsel
Federal Election Commission
999 E Street, NW
Washington, DC 20463

RE: MUR4628

Dear Sirs:

This letter is to inform you that Gutknecht for Congress and Shelby/Blaseg, Inc. have resolved all differences and there is currently no outstanding indebtedness between the parties.

As far as Shelby/Blaseg is concerned, there is no longer any ground for complaint with the FEC against Gutknecht for Congress in the matter of MUR4628.

Thank you.

Sincerely,


Monica Shelby


Judy Blaseg

28 0 1 8 5 3 0 2

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

)
)
)
)

ENFORCEMENT PRIORITY

May 10 10 02 AM '97

SENSITIVE

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.

This is the first Enforcement Priority Report that reflects the impact of the 1996 election cycle cases on the Commission's enforcement workload. We have identified cases that are stale which are recommended for dismissal at this time. This is the highest number of cases identified as stale in a single report, and the highest number of stale cases recommended for closure at one time, since the inception of EPS in 1993.

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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 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, resulting in a numerical rating for 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 cases that do not warrant further action relative to other pending matters.³ Attachment I 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 remote in time usually require a greater commitment of resources, primarily due to the fact that the evidence of such activity becomes more difficult to develop as it ages. 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 this fact, EPS provides us with the

³ These cases are: RAD 97L-10 (*Citizens for Randy Borow*); RAD 97L-16 (*Republican State Central Committee of South Dakota*); Pre-MUR 347 (*Producers Lloyds Insurance Company*); Pre-MUR 348 (*Peoples National Bank of Commerce*); Pre-MUR 349 (*Trump Plaza*); Pre-MUR 350 (*Citibank, N.A.*); Pre-MUR 355 (*Feingold Senate Committee*); MUR 4494 (*Georgianna Lincoln*); MUR 4586 (*Friends of Zach Wamp*); MUR 4590 (*Oklahoma Education Association*); MUR 4600 (*San Diego Police Officers Assoc.*); MUR 4612 (*Teresa Doggett for Congress*); MUR 4615 (*Catholic Democrats for Christian Values*); MUR 4616 (*American Legislative Exchange Council*); MUR 4620 (*Eastern Connecticut Chamber of Commerce*); MUR 4622 (*Telles for Mayor*); MUR 4628 (*Gutknecht for Congress*); MUR 4629 (*Janice Schakowsky*); MUR 4636 (*IBEW Local 505*); MUR 4637 (*Deltman for Congress*); MUR 4639 (*Larson for Congress*); MUR 4641 (*Becker for Congress*); MUR 4644 (*Detroit City Council*); MUR 4651 (*Mike Ryan*); MUR 4653 (*Pritzker for Congress*); MUR 4656 (*H. Carroll for Congress*); and MUR 4657 (*Buchanan for President*).

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means to identify those cases which, though earning a higher rating when received, remained unassigned for a significant period due to a lack of staff 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.

We have identified cases that have remained on the Central Enforcement Docket for a sufficient period of time to render them stale. We are recommending the closure of cases based on staleness.⁶

** These cases are: MUR 4283 (Chenoweth for Congress); MUR 4341 (Juan Soltz for Congress); MUR 4402 (U.S. Representative Helen Chenoweth); MUR 4435 (Lincoln for Congress); MUR 4439 (LAIW); MUR 4442 (Lipinski for Congress); MUR 4444 (Roberts for Congress); MUR 4445 (Randy Tate for Congress); MUR 4446 (Clinton/Gore '96 Primary); MUR 4447 (Random House, Inc.); MUR 4449 (Clinton Administration); MUR 4453 (Mike Ward for Congress); MUR 4454 (Ralph Nader); MUR 4459 (Clinton/Gore '96); MUR 4474 (Salvi for Senate); MUR 4477 (BBDO-New York); MUR 4481 (Diamond Bar Caucus); MUR 4485 (Perot '92 Petition Committee); MUR 4486 (Bunda for Congress); MUR 4495 (Pennsylvania PACE for Federal Elections); MUR 4496 (Norwood for Congress); MUR 4497 (Pease for Congress); MUR 4510 (Stabenow for Congress); MUR 4511 (Bob Coffin for Congress); MUR 4514 (Friends for Franks); MUR 4515 (Clinton Investigative Commission); MUR 4521 (VMAL 630 AM); MUR 4525 (Senator Larry Pressler); MUR 4527 (Brennan for Senate); MUR 4536 (Signature Properties, Inc.); MUR 4540 (Tim Johnson for SD); MUR 4542 (Dan Frisa for Congress); MUR 4552 (Charles W. Norwood); MUR 4554 (John Byron for Congress); MUR 4556 (Jim Wiggins for Congress); MUR 4561 (Jay Hoffman for Congress); MUR 4564 (National Republican Congressional Committee); MUR 4567 (DNC Services Corp.); MUR 4569 (McGovern Committee); RAD 96L-11 (New York Republican County Committee); Pre-MUR 343 (NRSC); and Pre-MUR 312 (Joseph Demio). The Demio case involves fundraising related to former Congresswoman Mary Rose Oakar's 1992 congressional campaign. It was held as a courtesy to the Department of Justice pending resolution of a parallel criminal matter in the District Court for the District of Columbia. Mr. Demio recently entered into a plea agreement with the Department of Justice (on which we were not consulted) in which he agreed, among other things, to waive the statute of limitations regarding civil violations of the FECA. Considering the age of the case and activity, the fact that DOJ has not formally referred this matter to us, and the Commission's continuing resource constraints, dismissal is the appropriate disposition of this matter.*

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We recommend that the Commission exercise its prosecutorial discretion and direct closure of the cases listed below, effective November 17, 1997. Closing these cases as of this date will permit CED and the Legal Review Team the necessary time to prepare closing letters and case files for the public record.

III. RECOMMENDATIONS.

A. Decline to open a MUR, close the file effective November 17, 1997, and approve the appropriate letters in the following matters:

- | | | |
|------------|-------------|-------------|
| RAD 96L-11 | Pre-MUR 312 | Pre-MUR 349 |
| | Pre-MUR 343 | Pre-MUR 350 |
| RAD 97L-10 | Pre-MUR 347 | Pre-MUR 355 |
| RAD 97L-16 | Pre-MUR 348 | |

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B. Take no action, close the file effective November 17, 1997, and approve the appropriate letters in the following matters:

- | | | |
|----------|----------|----------|
| MUR 4283 | MUR 4495 | |
| MUR 4341 | MUR 4496 | MUR 4569 |
| MUR 4402 | MUR 4497 | MUR 4586 |
| MUR 4435 | MUR 4510 | MUR 4590 |
| MUR 4439 | MUR 4511 | MUR 4600 |
| MUR 4442 | MUR 4514 | MUR 4612 |
| MUR 4444 | MUR 4515 | MUR 4615 |
| MUR 4445 | | MUR 4616 |
| MUR 4446 | MUR 4521 | MUR 4620 |
| MUR 4447 | MUR 4525 | MUR 4622 |
| MUR 4449 | MUR 4527 | MUR 4628 |
| MUR 4453 | MUR 4536 | MUR 4629 |
| MUR 4454 | MUR 4540 | MUR 4636 |
| MUR 4459 | MUR 4542 | MUR 4637 |
| MUR 4474 | MUR 4552 | MUR 4639 |
| MUR 4477 | MUR 4554 | MUR 4641 |
| MUR 4481 | MUR 4556 | MUR 4644 |
| MUR 4485 | MUR 4561 | MUR 4651 |
| MUR 4486 | | MUR 4653 |
| | MUR 4564 | MUR 4656 |
| MUR 4494 | MUR 4567 | MUR 4657 |

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Date 7/97

Lawrence M. Noble
General Counsel

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) Agenda Document No. X97-77
Enforcement Priority)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on December 2, 1997, do hereby certify that the Commission took the following actions with respect to Agenda Document No. X97-77:

1. Decided by a vote of 5-0 to

A. Decline to open a MUR, close the file effective December 15, 1997, and approve the appropriate letters in the following matters:

- | | |
|----------------|-----------------|
| 1. RAD 96L-11 | 7. Pre-MUR 347 |
| | 8. Pre-MUR 348 |
| 3. RAD 97L-10 | 9. Pre-MUR 349 |
| 4. RAD 97L-16 | 10. Pre-MUR 350 |
| 5. Pre-MUR 312 | 11. Pre-MUR 355 |
| 6. Pre-MUR 343 | |

B. Take no action, close the file effective December 15, 1997, and approve the appropriate letters in the following matters:

- | | |
|-------------|--------------|
| 1. MUR 4283 | 6. MUR 4442 |
| 2. MUR 4341 | 7. MUR 4444 |
| 3. MUR 4402 | 8. MUR 4445 |
| 4. MUR 4435 | 9. MUR 4446 |
| 5. MUR 4439 | 10. MUR 4447 |

(continued)

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Federal Election Commission
Certification: Agenda Document
No. X97-77
December 2, 1997

Page 2

- | | | | |
|-----|----------|-----|----------|
| 11. | MUR 4449 | 36. | MUR 4556 |
| 12. | MUR 4453 | 37. | MUR 4561 |
| 13. | MUR 4454 | 38. | MUR 4564 |
| 14. | MUR 4459 | 39. | MUR 4567 |
| 15. | MUR 4474 | 40. | MUR 4569 |
| 16. | MUR 4477 | 41. | MUR 4586 |
| 17. | MUR 4481 | 42. | MUR 4590 |
| 18. | MUR 4485 | 43. | MUR 4600 |
| 19. | MUR 4486 | 44. | MUR 4612 |
| 20. | MUR 4494 | 45. | MUR 4615 |
| 21. | MUR 4495 | 46. | MUR 4616 |
| 22. | MUR 4496 | 47. | MUR 4620 |
| 23. | MUR 4497 | 48. | MUR 4622 |
| 24. | MUR 4510 | 49. | MUR 4628 |
| 25. | MUR 4511 | 50. | MUR 4629 |
| 26. | MUR 4514 | 51. | MUR 4636 |
| 27. | MUR 4515 | 52. | MUR 4637 |
| 28. | MUR 4521 | 53. | MUR 4639 |
| 29. | MUR 4525 | 54. | MUR 4641 |
| 30. | MUR 4527 | 55. | MUR 4644 |
| 31. | MUR 4536 | 56. | MUR 4651 |
| 32. | MUR 4540 | 57. | MUR 4653 |
| 33. | MUR 4542 | 58. | MUR 4656 |
| 34. | MUR 4552 | 59. | MUR 4657 |
| 35. | MUR 4554 | | |

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

Attest:

12-4-97
Date

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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 15, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Monica Shelby
Judy Blaseg
Shelby/Blaseg, Inc.
1223 Potomac Street, N.W.
Washington, D.C. 20007

RE: MUR 4628

Dear Ms. Shelby and Ms. Blaseg:

On March 31, 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 December 15, 1997. This matter will become part of the public record within 30 days.

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

Sincerely,

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

Attachment
Narrative

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MUR 4628

GUTKNECHT FOR U.S. CONGRESS COMMITTEE

Monica Shelby and Judy Blaseg of Shelby/Blaseg, Inc., allege that Gutknecht for U.S. Congress failed to report a \$3,356.92 debt owed their company.

In response to the complaint, Gutknecht for U.S. Congress ("Committee") states that this complaint stems from a dispute with Shelby/Blaseg concerning commission payments for certain fund-raising activities. The Committee asserts that it properly reported the \$3,356.92 disputed debt on its 1996 Amended Year-End Report and it will continue to report it on subsequent reports until it is resolved.

Respondent John Wade, Mr. Gutknecht's Chief of Staff, responds that he is not responsible for preparing reports, and directs questions concerning FEC reports back to the Committee.

The complainants filed a letter with OGC on October 9, 1997, in which they state that the parties have resolved their differences and that the Committee has no outstanding indebtedness to Shelby/Blaseg, Inc.

The amount of money involved is not substantial and does not warrant the significant resources necessary to establish what appears to be a disputed debt.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 15, 1997

John Wade
1503 20th Avenue, N.E.
Rochester, MN 55906

RE: MUR 4628

Dear Mr. Wade:

On April 7, 1997, the Federal Election Commission notified you 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 you. See attached narrative. Accordingly, the Commission closed its file in this matter on December 15, 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 Alva E. Smith on our toll-free telephone number, (800) 424-9530. Our local telephone number is (202) 219-3400

Sincerely,

F. Andrew Tarley
Supervisory Attorney
Central Enforcement Docket

Attachment
Narrative

2804385304

MUR 4628

GUTKNECHT FOR U.S. CONGRESS COMMITTEE

Monica Shelby and Judy Blaseg of Shelby/Blaseg, Inc., allege that Gutknecht for U.S. Congress failed to report a \$3,356.92 debt owed their company.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 15, 1997

Dr. David Byer, Treasurer
Gutknecht for U.S. Congress Committee
P.O. Box 6428
Rochester, MN 55903

RE: MUR 4628

Dear Dr. Byer:

On April 7, 1997, the Federal Election Commission notified you 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 Gutknecht for U.S. Congress Committee and you, as treasurer. See attached narrative. Accordingly, the Commission closed its file in this matter on December 15, 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 Alva E. Smith on our toll-free telephone number, (800) 424-9530. Our local telephone number is (202) 219-3400.

Sincerely,

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

Attachment
Narrative

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MUR 4628
GUTKNECHT FOR U.S. CONGRESS COMMITTEE

Monica Shelby and Judy Blaseg of Shelby/Blaseg, Inc., allege that Gutknecht for U.S. Congress failed to report a \$3,356.92 debt owed their company.

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The amount of money involved is not substantial and does not warrant the significant resources necessary to establish what appears to be a disputed debt.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 4628

DATE FILMED 1-12-98 CAMERA NO. 2

CAMERAMAN E.S.

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