FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 520

7804043211

7804043368

FEDERAL ELECTION COMMISSION

#520 Names of Other Respondents

The above-described material was removed from this file pursuant to the following exemption provided in the Freedom of Information Act, 5 U.S.C. Section 552(b):

____	(1) Classified Information	____	(6) Personal privacy
____	(2) Internal rules and practices	____	(7) Investigatory files
____	(3) Exempted by other statute	____	(8) Banking Information
____	(4) Trade secrets and commercial or financial information	____	(9) Well Information (geographic or geophysical)
✓	(5) Internal Documents		

Signed Marcia Cummings

date 5/8/78

FEC 9-21-77

7804004336 9

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

10 March 1978

MEMORANDUM TO: DISCLOSURE DIVISION

FROM: WILLIAM OLDAKER

SUBJECT: TRANSFERAL OF MUR 520(78)

On March 7, 1978 the Commission accepted the recommendation of the General Counsel to close the file on MUR 520(78) and transfer the case to the Disclosure Division for further action.

The respondent Frederick W. Richmond of New York cancelled an outstanding debt without the consent of the Commission. The General Counsel recommends that this mattter be transferred to Disclosure and that a termination report be requested of respondent.

7804043571

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Frederick W. Richmond)

MUR 520 (78)

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on March 7, 1978, the Commission accepted the recommendation of the General Counsel to close the file and transfer the case to the Disclosure Division for further action pursuant to the analysis in the First General Counsel's Report in the above-captioned matter.

Date: 3-7-78

Marjorie W. Emmons
Marjorie W. Emmons
Secretary to the Commission

Report Dated:	Undated
Received in Commission Secretary's Office:	March 3, 1978, 1:03
Circulated to the Commissioners:	March 6, 1978, 11:00
Method of Circulation:	24 Hour No-Objection Basis

7804004321 4
7804004337 2

FEDERAL ELECTION COMMISSION
1325 K Street N.W.
Washington, D.C. 20463

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL
BY OGC TO THE COMMISSION_____

MUR NO. 520 (78)
DATE COMPLAINT RECEIVED
BY OGC 02-06-78
ATTORNEY HUBER

COMPLAINANT'S NAME: Internally Generated. Pursuant to General Counsel review of House Candidates/Committees from the 1976 loan survey project, which indicated that possible violations had occured. See attachment.

RESPONDENT'S NAME: Frederick W. Richmond

RELEVANT STATUTE: 2 U.S.C. § 441a

INTERNAL REPORTS CHECKED: Frederick W. Richmond
Citizens for Fred Richmond
Citizens for Fred Richmond Account #2
All 1976 and 1977 reports.

FEDERAL AGENCIES CHECKED: None

SUMMARY OF ALLEGATIONS

I. That respondent Frederick W. Richmond ran for the House of Representatives in New York's 14 District in 1974 and 1976.

A. Respondent accepted a loan of $47,000 from Thomas Wyman, the final contribution being given on August 26, 1974.

B. Respondent accepted a loan of $12,000 from Barry Cohen, the final contribution being given on August 8, 1975.

LEGAL ANALYSIS

I. During 1976 and 1977 respondent made payments on the two above mentioned loans

A. On July 29, 1976 respondent completed payment on Wyman's loan of $47,000.

B. On December 2, 1976 respondent made his last payment on Cohen's loan of $12,000, leaving an outstanding balance of $6,000 which he cancelled.

II. These two loans may have been obtained to cancel respondent's 1974 campaign debts. Respondent Frederick Richmond requested an Advisory Opinion of the Federal Election Commission concerning the retirement of his 1974 campaign debt through fund raising etc. Pursuant to the Commission's response, Advisory Opinion 1975-82, "...the Commission ruled that 'election', as used in18 U.S.C. 608(b) means any election occuring after January 1, 1975.

7804004373

Contributions made for the sole purpose of retiring campaign debts incurred incident to an election held before January 1, 1975, are not subject to the limits in 18 U.S.C. 608(b), as amended in 1974 and effective January 1, 1975." Thus the provision and its successor, 441a(a)(1)(A) are inapplicable here. There is clearly no reporting problem under § 434(b)(12) since the committee hasfully listed its debts and obligations on this matter in various reports filed with the Commission.

III. One problem remains outstanding, that of respondent cancelling the outstanding balance of $6,000 owed to Cohen without prior notice to the Federal Election Commission "as to the circumstances and conditions under which...such debt or obligation is extinguished and the consideration therefor." [see 2 U.S.C. § 434(b)(12) and 11 C.F.R. § 104.8]. This matter could best be handled by an RFAI sent through Disclosure Division.

RECOMMENDATION

Close file and transfer to Disclosure Division for further action pursuant to preceding analysis.

7804004337 4
7804004332 1 6

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

November 11, 1977

MEMORANDUM TO: The Commission

THROUGH : William C. Oldaker

FROM : Lester Scall
William Yowell

SUBJECT : Analysis of 1976 Congressional Campaign Loan Activity and Recommendations

I. INTRODUCTION

The General Counsel's staff has completed an analysis of the loan activity of all House and Senate candidates and committees for the 1976 election to determine the extent of compliance with the loan provisions of the Act.[1] Our findings and recommendations for further action by the Commission, are as follows:

II. FINDINGS:

For the purposes of this study, we have divided the apparent violators into two groups. The first group consists of candidates and committees who reported loans totalling less that $30,000 and who have either not reported one or more of the following items or have reported loans which on the surface indicate a violation (e.g. greater than limit):

1/ Due to the large number of reports with loan activity (over 750 in the HOuse and Senate), the candidates/committees that have very small loans (generally less than $5,000) and whose reports have few errors and omissions were eliminated, leaving approximately 275 reports.

7804004332 17
7804004337 5

a. Interest rates of loans

b. Dates of maturity

c. Terms of security, guarantee, and endorsement.

d. Loans or contributions on candidates reports.

e. Carrying forward debts and loans as continuing obligations.

f. Reporting of previously undisclosed loans receipts.

g. Indication of loan repayments or interest rates and no report of original loan.

The majority of reports fall within this group; there are approximately 150 reports that do not include one or more of the above items; and the loans involved in these reports amount to approximately $4,000,000, an average of $26,666 per report. For each of these candidates/committees, we have prepared spread sheets that include all reported details of the loans.

In the second group we have placed candidates and committees who have reported loans of more than $30,000 with apparent surface reporting violations as well as those which show certain questionable patterns and relationships of individuals and institutions, receipt of loans apparently exceeding the limits where full details of the transactions are not given and those in which the following circumstances occur:

a. Loans not carried as debts

b. Loans quaranteed by individuals in excess of the Act's limitation regulations.

c. Excessive loans (generally greater than $2500) made by individuals

d. Report does not adequately show source and basis on which loan was forgiven.

e. Report intermingles candidate's loans and contributions.

7804004332 18
7804004337 6

We identified 81 candidates and committees who fell in this group. The total amount of money involved in this group is approximately $10,858,948 with an average of $134,061.00 per report. Attached is a listing of all House and Senate candidates and committees together with the pertinent information concerning the reports (Enclosure 1).

III. RECOMMENDATION:

Assign MUR nombers to the second category violations; treat the first category violations as failure to report and handle on an initial basis through the Disclosure Division.

A. First Category:

Because of the large number of cases in this category, Disclosure should screen the reports and decide which of these 150 reports to follow up using the spread sheets we have prepared grouping together those with the largest loans. A decision to take no further action at this stage should be accompanied by a short written closing on each case which would be forwarded through OGC. For the cases where further action is warranted, a form letter similar to the RFAI letter should be sent.

Depending on the information obtained from the committees or their lack of response, some of those cases would then either be referred to OGC and be handled in the same fashion as second category cases, or be closed by Disclosure after conferring with OGC. Again, reports closed should be transmitted through OGC.2/

B. Second Category:

"Enforcement staff would recommend on a case-by-case basis whether: anRTB finding is warranted; whether other information is needed (sending a letter similar to an RFAI letter); whether the matter should be referred to Disclosure; or whether the matter should be closed."

2/ Because of the time that has elapsed since the 1976 elections, it can be expected that in some instances where committees have terminated, the present whereabouts of individuals connected with the loans may be difficult to determine.

7804004319
7804004377

To assist in the dissemination of second category reports, the list of reports was divided according to amount, House and Senate, and alphabetically by state. All reports containing MURs have been noted below the name of the condidate/committee. The reports have been subdivided, and we would start with the thirty reports showing the largest loans, basically loans larger than $100,000, (List A). Those reports that had MURs assigned to them identified with loan activity were removed from the second category list. (The reports with loans and unrelated MURs will be assigned to the team which has been working on the MUR.)

IV. SUMMARY:

Although it appears as though it will be necessary to be selective in deciding what cases to pursue, a review of the attached list gives some idea of the extent of the problem and potential for abuse. Even if the Commission concludes that no action is warranted in some cases, we believe that case by case review of 1976 activity should be valuable in assuring that this important source of campaign financing receives close scurtiny.

7804004320
7804004378

CATEGORY II Listing of - House and Senate
Candidate/Committee Loan Activity

A. Greater than $100,000

The following House and Senate Candidates and Committees have the largest reported loans in question:

House:

State	Candidate/Committee	Type of Activity	Approximate Amount
	/Friends of	Very large loans from candidate to committee and no details of source of candidates funds, terms, etc.	$507,000.00
		same as above and not carried as debt	$274,429.00
		same as above	$244,678.67
	for Congress Committee	same as above	$236,000.99
	for Congress Committee	report indicates committee has no debts but no indication of liquidation of loan. Loans obtained from candidate with no further details.	$184,500.00
	for Congress Committee	No details of candidates loan to committee. Also, only $76,600 carried as debt. Balance repaid or what?	$146,600.00
		$75,000 guaranteed by but no terms, security, interest rates etc. No details of balance of loan.	$138,364.08

enclosure 1

7804004321
7804004379

House:

State	Candidate/Committee	Type of Activity	Approximate Amount
	for Congress Committee	Loan from candidate and Bank of . None of the loan was carried as a debt. $50,145 repaid bank-nothing to candidate	$133,145.00
	Congressional Campaign Committee	$16,378.03 unitemized loan. $112,378.03 loans and $12,500 in debts to individuals.	$124,878.00
		Large loans and no details	$120,000.00
	for Congress	same as above	$119,486.00
	Rep. for Congress '76 Committee	Large loan from candidate and small one from bank. Both need more details.	$114,971.25
	for Congress	Large loan and no details	$112.900.00
	for Congress	same as above	$108,500.00
	in '76 Committee	Large loan from bank guaranteed by candidate with no terms etc.	$105,924.74
	for Congress	Candidate contributed $100,000 and loaned $100,000 to committee, no terms, etc.	$100,000.00

7804004322
7804004380

Senate:

State	Candidate/Committee	Type of Activity	Approximate Amount
		Contributions from candidate not shown on candidates reports. No details of large bank loans to committee from Bank and Bank.	$2,474,012.00
		Very large contribution from candidate to committee and no details of source of funds.	$676,836.70
		Same as above	$484,700.000
	(MUR)	Same as above except loan involved instead of contribution.	$240,000.00
		Candidate contributed and loaned money to his committee with no details.	$189,000.00
		Large loan and no details.	$158,000.00
		Questions of $24,000 overdraft; need clarification on the source of funds used for repayment of additional loans, lack of reporting of other loans.	$144,950.00
		Large contribution and no details.	$137,000.00
		Large loan and no details.	$120,500.00
		Large contribution	$125,000.00
		See MUR	
		Large loan and no details.	$115,196.28
	(MUR)	Same as above	$100,000.00
		Same as above	$100,000.00

7804004332 23
7804004338 1

B. Less than $100,000

. The below list consists of the rest of the House candidates and committees by state. A list of the Senate candidates follows:

House:

State	Candidate/Committee	Type of Activity	Approximate Amount
	Campaign Committee	Large loans and no details.	$87,293.00
	for Congress	same as above	$72,000.00
	. for Congress Committee	Large loan, all but $9,000 forgiven and no details.	$59,000.00
	for Congress	Candidate loaned committee $30,000 and then stopped reporting after primary.	$30,000.00
	for Congress Committee	Large loan, no details	$97,000.00
	for Congress	Loan not repaid and not carried as debt.	$47,324.00
	Campaign Committee ('74 Campaign)	Candidate "lent" committee money since '74 and also has several outstanding loans in excess of present limits. Exact amount is unknown.	$75,000.00+
	/People for in Congress	Loan not carried as debt	$35,164.00
	for Congress	Loans not properly reported	$30,000.00
	Campaign Committee(MUR -76)	Personal loans need to be checked.	?

7 8 0 4 0 0 4 3 2 2 4
7 8 0 4 0 0 4 3 3 8 2

House:

State	Candidate/Committee	Type of Activity	Approximate Amount
	Campaign Committee	Treasurer writes acknowledgement of loan on Bank letterhead.	$10,000.00
		Loans to committee may have been used for candidates personal expenses.	$50,000.00.00
	for Congress	Need additional information on loan to committee by candidate; questionable loan of $1,000 each by 17 individuals.	$86,000.00
		$31,000 loan from Bank of with no details and $50,000 loan from Republican Party of with no details.	$81,000.00
		Only $45,000 of $50,000 loan from carried as debt. Candidate also contributed $31,600 in CASH.	$81,000.00
	Committee to Elect	Loans not carried as debts	$40,694.00
	for Congress	Large contribution from candidate and no details of source of funds.	$75,865.73
	for Congress	Large loan no details one repayment of $9,093.	$61,000.00
	for Congress	Loan not carried as debt	$42,150.00

7804004332 25
7804004338 3

House:

State	Candidate/Committee	Type of Activity	Approximate Amount
	for Congress	Loaned from candidate and individual - no details.	$42,500.00
	for Congress Committee/	No details of loan to committee by candidate.	$61,000.00
	for Congress Committee	Large loan needs further details, questionable report, large number of $1,000 contributors.	$97,334.00
	for Congress Club	No details of loans	$77,654.00
	Citizens for Richmond	Excessive loans from individuals in amount of $49,000 and need details of rest of loans.	$72,000.00
		Loans from candidate and bank guaranteed from individuals with pos. violation.	$34,885.00
	Good People who want in Congress	Candidate contributed $98,500 to committee Termination report states $7,323.38 repaid as "return on loan to committee" No details of source of candidates contributions.	$98,500.00
	for Congress	Possible reporting violations and no details for loans. All were forgiven by candidate.	$75,000.00
		Treasurer worked at bank where loan was obtained.	$27,000.00
	for Congress Committee/	Loan by candidate to committee reported as debt on candidate report but not on committee report. No further details.	$54,250.00

7804004332 26
7804004133 84

House:

State	Candidate/Committee	Type of Activity	Approximate Amount
	Friends of [illegible] c/o [illegible]	$20.000.00 loan signed by [illegible] - possible limitation violation. No details on rest of loan/	$47,000.00
	[illegible] for Congress Committee, #2	Guarantors exceed limitations regulations.	$70,000.00
)	[illegible] for Congress Committee	Large loans and no details on rest of loan.	$80,000.00
	[illegible] for Congress Committee/ [illegible]	Same as above	$96,750.00
		Individuals who made loans to committees in excess of limitation regulations.	$31,250.00
	[illegible] for Congress Committee	No details of larger loan.	$62,600.00

7804004332 27
7804004338 5

Senate:

State	Candidate/Committee	Type of Activity	Approximate Amount
		No details of candidate's loan to committee.	$50,000.00
		No details of loan	$40,255.00
	2(77))	No details of contributions and loans candidate made to committee.	$51,834.00
		Need further details of candidate's contribution to committee.	$37,400.00
		No details of loan	$79,191.05
		Same as above	$35,800.00
		Same as above	$35,000.00
		No details of loans	$85,355.92
		Same as above	$38,300.00
		No details of loans	$50,000.00
		Same as above	$62,000.00
		Same as above	$53,127.00
		Same as above	$35,000.00
		Candidate's family may have received proceeds of a bank loan and committee did not properly report loan as debt.	$82,898.00
		No details of loans from the	$35,000.00

7804004329
7804004338

MEMORANDUM

FEB. 6, 1978

TO: Charlie Steele

FROM: Bill Yowell
Les Scall

SUBJECT: Recommendation for Further Investigation Action on Loan Project Candidates and Committees

Attached is a list of nine House Candidates/Committees from the 1976 loan survey project. The information uncovered on these individuals indicates that possible substantive violations have been committed. We think that MURs should be opened on all of these nine and that they should be assigned to the enforcement teams for preparation of recommendations for further action. The teams would decide whether the information they uncover warrants a recommendation for reason to believe or an RFAI letter. The spread sheets attached for each candidate/committee are meant as a starting point, and the team member assigned should research the file himself/herself.

We have updated this list with the status of these candidate/committees at the disclosure level. Wherever possible, termination dates have been included, however we have been informed that dates for administrative termination (i.e., by the staff here) are not recorded. This should be checked. I think we could proceed to investigate terminated cases by acknowledging to the respondents or recipients of the RFAI letters that while we are aware of the termination, we nevertheless have discovered that certain information needs to be clarified.

While these matters are being reviewed we are also preparing and updating about eight other cases from the loan project for a similar presentation.

7804043230

6. Frederick W. Richmon[illegible] Citizens for Frederick W. [illegible]

Loans to committee of $12,000 and $47,000 made by [illegible] Repayment of only $8,804.34 made, with remaining balance [illegible] Status at Disclosure level: Candidate reports administratively terminated; committee reports administratively terminated.

7. [illegible] for Congress

Two loans of $2,700 and one of $1,400 made or guaranteed by individuals. Status at Disclosure level: Candidate reports administratively terminated; Committee reports administratively terminated.

8. [illegible] for Congress Committee/Return [illegible] Congress Committee

$40,000 in loans from [illegible] endorsed by four individuals. Same individual endorsed $30,000 in loans from [illegible], and two of the same group endorsed a third loan of $8,500 from [illegible]. Status at Disclosure level: Candidate reports waived; quarterly reports filed by committee.

9. [illegible] for Congress Committee

Four loans to Committee from individuals in amounts of $5,000 or more. All other loans to Committee from individuals. No evidence of repayment. Status at Disclosure level: Candidate and committee reports terminated (dates unknown)

7804043238
7804043

MEMORANDUM

FEB. 6, 1978

TO: Charlie Steele

FROM: Bill Yowell
Les Scall

SUBJECT: Recommendation for Further Investigation Action on Loan Project Candidates and Committees

Attached is a list of nine House Candidates/Committees from the 1976 loan survey project. The information uncovered on these individuals indicates that possible substantive violations have been committed. We think that MURs should be opened on all of these nine and that they should be assigned to the enforcement teams for preparation of recommendations for further action. The teams would decide whether the information they uncover warrants a recommendation for reason to believe or an RFAI letter. The spread sheets attached for each candidate/committee are meant as a starting point, and the team member assigned should research the file himself/herself.

We have updated this list with the status of these candidate/committees at the disclosure level. Wherever possible, termination dates have been included, however we have been informed that dates for administrative termination (i.e., by the staff here) are not recorded. This should be checked. I think we could proceed to investigate terminated cases by acknowledging to the respondents or recipients of the RFAI letters that while we are aware of the termination, we nevertheless have discovered that certain information needs to be clarified.

While these matters are being reviewed we are also preparing and updating about eight other cases from the loan project for a similar presentation.

2ND CATEGORY

1. /Committee of 1976 for for Congress

$30,000 loaned by to committee on April 12, 1976. Candidate and three others guaranteed $29,300 of loans. The committee repaid $1,975 in two installments on October 7, 1976, and November 29,1976. No other repayments indicated by spread sheets. Status at Disclosure level: Candidate reports terminated April 10, 1977; Committee reports terminated (date unknown).

2. / in '76 Committee

$105,924.74 loaned by National Bank to committee between September 7, 1976, and November 2, 1976. The notes are recorded as maturing in 90 days but no repayments are indicated. There is an unitemized loan of $201.81 in the July 10, 1977 report, and as of the July 10,1977 report, the 1976 loans are still being carried as debts. Status at Disclosure level: Candidate reports waived; Committee reports quarterly.

3. / Congressional Campaign Committee

$16,378.03 in unknown number of loans to candidate between April 16, 1976 and May 25,1976 listed as unitemized. Spread sheet indicates other loan(s) of $28,391.68 may have been made but reports are not clear. Status at Disclosure level: Candidate reports terminated January 20, 1977; Committee reports terminated (date unknown).

4. /Citizens for for Congress

Republican Party of loaned committee $50,000. Dates of loan(s) repayment not indicated. Partial repayment of $7,846.50 shown. Status at Disclosure level: Candidate reports quarterly: committee reports administratively terminated.

5. , Jr./C Campaign Committee

Cash contributions of $30,000 and $1,600 made by candidate to his committee. See attachment to spread sheet concerning his personal loan of $50,000. Status at Disclosure level: Candidate reports administratively terminated; Committee reports administratively terminated.

7804004332 3
7804004339 0

6. Frederick W. Richmond/Citizens for Frederick W. Richmond NY

Loans to committee of $12,000 and $47,000 made by two individuals. Repayment of only $8,804.34 made, with remaining balance cancelled. Status at Disclosure level: Candidate reports administratively terminated; committee reports administratively terminated.

7. [illegible] p for Congress

Two loans of $2,700 and one of $1,400 made or guaranteed by individuals. Status at Disclosure level: Candidate reports administratively terminated; Committee reports administratively terminated.

8. [illegible] for Congress Committee/Return Bob Price To Congress Committee

$40,000 in loans from [illegible]. endorsed by four individuals. Same individual endorsed $30,000 in loans from [illegible], and two of the same group endorsed a third loan of $8,500 from [illegible]. Status at Disclosure level: Candidate reports waived; quarterly reports filed by committee.

9. [illegible] for Congress Committee

Four loans to Committee from individuals in amounts of $5,000 or more. All other loans to Committee from individuals. No evidence of repayment. Status at Disclosure level: Candidate and committee reports terminated (dates unknown)

7804004323 4

Loan Activity by House Candidates

Candidate / Authorized Campaign Committee

Citizens for Richardson 1974

Report	Name of Committee or Candidate	Amount	Date	Source	Terms	Surrenders	Date Repaid	Source of Repayment	Considered Debt?	Liquidated Before Terminating?	Forgiven or Given
Jan 31 (1-31-74)	Citizens for Richardson	17000 —		Barry Cohen		Ch Jan 31	6008.34	Unutilized	Balance	Cancelled	
		12000	6-05-73	Jacob K. Javits			(Loan)	Campaign	Balance	Cancelled	
July 10 (7-27-74)		47000	(475)	Teresa Gordon		Jan 1 (LTD)	17000 —	Balance	19000		
							debt →				
Part 2 →		1000 —		Jane Richardson							
		72000				Total contribution limit					

MUR 5220

0 4 0 4 7 4 0 4 3 2 3 5

FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 520

7804043393