



Federal Election Commission
Washington, DC 20463

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SENSITIVE

MEMORANDUM

April 23, 2007

TO: The Commission

THROUGH: Patrina M. Clark *me*
Staff Director

Margarita Maisonet *mm*
Chief Compliance Officer

FROM: Deborah Ruth Kant *DK*
Director, ADR Office

SUBJECT: ADR 381, Mazak Corporation, William King, and Brian Papke, President,
Memorandum to Assign

On March 3, 2007, the ADR Office received Pre-MUR/447 to review and determine its appropriateness for ADR processing. Based on that review, we determined that the case is appropriate for ADR, and recommend that it be assigned to the ADR Office. The ADR Office Memorandum includes a statement of the issues, a summary and analysis of the case, and a recommendation. In addition, the Office of General Counsel reviewed the ADR Memorandum, and concurs in the description of the case.

ADR Case: ADR 381

Source No. Pre -MUR 447

Respondents:

Brian Papke, President
Mazak Corporation
William King, Former Controller

Respondents' Reps.:

Benjamin Ginsburg, Esq.
Eric S. Brown, Esq.

Pre-MUR Submitted by: Mazak Corporation, Brian Papke

Election Cycle: 2002

Date Pre-MUR filed: 2/14/07

Date Forwarded to ADRO: March 3, 2007

EPS Rating: 19

Tier Level: 3

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Summary and Analysis of Case: The FECA prohibits any corporation from making a contribution or expenditure in connection with any election to any political office, or any officer or director of any corporation to consent to any contribution or expenditure by the corporation. Accordingly, a corporation may not reimburse its employees for their contributions to political committees under the FECA. This type of reimbursement violates both the FECA's ban on corporate contributions and contributions made in the name of another.

Two of the three Respondents, Mazak Corporation, and its President, Brian Papke, filed this *sua sponte* submission, stating that they violated the FECA's ban on corporate contributions and contributions made in the name of another. Specifically, Respondents allege that Brian Papke made seven contributions in 2001 and 2002 to various candidate committees and one political action committee. Respondent Papke's employer, the Mazak Corporation, the Respondents further state, reimbursed Papke for \$2500 via a one-time special incentive check issued in September of 2002 in recognition of Papke's political and non-political activities. Respondents contend that this check was authorized by Respondent William King, the former controller of the company. Respondents explained that they reviewed the contributions during the 2001-2002 and these contributions totaled \$3500.¹ Respondents state that they discovered this improper reimbursement during an internal review of King and thereafter hired outside consultants to conduct a more comprehensive review of compensation and expense reimbursement to Mazak's executives. Respondent Papke states that he was not aware that the law forbids corporate contributions. Once he became aware, Respondent Papke further states, he reimbursed Mazak for the \$2500.

RECOMMENDATION.

- 1. Assign ADR 381 /Pre-MUR 447 to the ADR Office.**

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