FEDERAL ELECTION COMMISSION

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

THIS IS THE END OF MUR # 1206

Date Filmed 1/25/82 Camera No. --- 2

Cameraman DRC

FEDERAL ELECTION COMMISSION

Conciliation proposal, reference to conciliation, Commissioner vote sheets, routing cards, duplicate copies of letters.

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 fb hagan

date 8-4-82

FEC 9-21-77

8204039001

FEDERAL ELECTION COMMISSION

WASHINGTON, DC 20463

MEMORANDUM TO: F. Hagen

FROM: Steve Barndollar
Docket Clerk

SUBJECT: Returned Letters (3)

DATE: 7/28/82

The following letter MUR 1206 was returned. Please write a memo to the file and advise on what to do. If you wish to resend the letter, please have the envelope(s) and green card(s) made.

Thanks!

Only addresses available -
All mail returned from
these previously -
- do not send again
fgh

0 2 0 4 0 3 4 3 9 0 2

FEDERAL ELECTION COMMISSION
WASHINGTON,D.C. 20463

Official Business
Penalty for Private Use $300

Ken Gross
OGC -5

POSTAGE AND FEES PAID

Total Audio Visual Service
590 Piedmont Avenue
Atlanta, Georgia 30308

MOVED NOT
FORWARDABLE
RETURN TO SENDER

ATLANTA, GA
1982
JUL 2
PM

FEDERAL ELECTION COMMISSION
WASHINGTON,D.C. 20463

Official Business
Penalty for Private Use $300

CLEVELAND, OH
PM
23 JUL
1987

POSTAGE

RETURNED TO SENDER
REASON CHECKED
Unclaimed
Refused
Insufficient Address
No such street
No such office in state
Do not remail in this envelope

Action Research Interventions
~~Joyce Hemmington~~
~~Cleveland~~, Ohio 44106

return to sender

87

FEDERAL ELECTION COMMISSION
WASHINGTON,D.C. 20463

Official Business
Penalty for Private Use $300

POSTAGE AND FEES PAID

MOVED
N.Y. Fairs

Roper Organization
One Park Avenue
New York, New York 10016

GROSS, KEN OGC

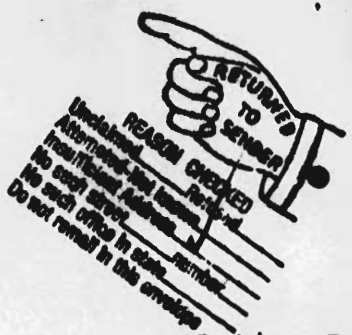
87

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Official Business
Penalty for Private Use $300

82040313904

87



CLEVELAND, OH
PM
23 JUL
1982

POSTAGE AND FEES

Action Research Interventions
~~Joyce Hennington Lane~~
~~Cleveland~~, Ohio 44106

return to sender

82 JUL 28 AM 8:30

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Official Business
Penalty for Private Use $300

POSTAGE AND FEES PAID



Roper Organization
One Park Avenue
New York, New York 10016

GROSS, KEN OGC

87

24044031390 5

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Official Business
Penalty for Private Use $300

Ken Gross
OSC -5

POSTAGE AND FEES PAID

Total Audio Visual Service
590 Piedmont Avenue
Atlanta, Georgia 30308

RECEIVED NOT
FORWARDABLE
RETURN TO SENDER

ATLANTA, GA
1982
JUL
PM

2004034906

RICHARD W. LAURICELLA
ATTORNEY AT LAW
247 NORTH POTOMAC STREET
HAGERSTOWN, MARYLAND 21740
TELEPHONE (301) 733-6755

July 28, 1982

RECEIVED
82 AUG 2 P4:10
GENERAL COUNSEL

Federal Election Commission
Washington, D.C. 20463

Re: MUR 1206

Gentlemen:

Thank you for your letter of July 19, 1982 indicating that the above referenced file is to be closed and no further action taken with regard to Word Processing Services, Inc. We wish this letter to be included in the file to indicate the final position of Word Processing Services, Inc. with regard to the matters first investigated by the Federal Election Commission.

Apparently, according to your correspondence, the Commmission found reason to believe that Word Processing Services, Inc. had violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended. This determination was made on the 13th day of January, 1981 and correspondence was forwarded to Word Processing Services, Inc. to this effect on the 22nd day of January, 1981. On the 26th day of January, 1981, Word Processing Services, Inc. responded to the Federal Election Commission by letter enclosing invoices to support its position.

The investigation by the Commission centered upon a debt that apparently remained open on the books of the Democratic National Committee Services Corporation to Word Processing Services, Inc. The Commission was concerned because it felt there was a violation of its regulation which indicated that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect."

Word Processing Services, Inc., in its initial response to the Commission and in this correspondence, wishes to make perfectly clear to the Commission that it did engage in commercially reasonable attempts to collect any amounts due it from the Democratic National Committee Services Corporation. Termination of the Maintenance Agreement nullified any amount due and owing from the Democratic National Committee Services Corporation to Word

8204039907

Processing Services, Inc. Where request for payment are not heeded and expensive phone calls are not returned, this set off is most certainly commercially reasonable.

By reason of the actions of the Commission, we are assuming that the Commission agrees that no violation occured with regard to Word Processing Services, Inc. The practical realities of collecting out of state debts are certainly matters which should be considered by your Commission and apparently have been. Word Processing Services, Inc. is a sales and service organization that, although comparatively small in size, prides itself upon good and efficient service and business. This would include the dunning and collection of outstanding accounts. The voiding for nonpayment of the Maintenance Agreement was a commerically reasonable step which Word Processing Services, Inc. took after great time and expense of phoning and correspondence with regard to the outstanding bill.

Thank you for your consideration in this matter and for including this last correspondence in your file.

Yours very truly,

Richard W. Lauricella

RWL/cef

cc: Vincent Dellaposta

8204039908

RICHARD W. LAURICELLA
ATTORNEY AT LAW
349 NORTH POTOMAC STREET
HAGERSTOWN, MARYLAND 21740

8204031309

FREDERICK, MD 21701
PM
30 JUL
1982

82 AUG 2 P4:

Federal Election Commission
Washington, D.C. 20463

22040341139910

Ford Motor Company
The American Road
Dearborn, Michigan 48121

RECEIVED
DEARBORN MICH. JUL 82 2 PM
FEC 30 82

Mr. Charles N. Steele
General Counsel
Federal Election Commission
Washington, D.C. 20463

9206

Office of the General Counsel

Ford Motor Company
The American Road
Dearborn, Michigan 48121

July 28, 1982

Mr. Charles N. Steele
General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1206

Dear Mr. Steele:

I am pleased to receive your letter of July 19, 1982 stating that the Commission has determined to close the file in the above-captioned matter. Although your letter does not so state, I assume that this decision represents the Commission's acceptance of the documentary evidence provided, including affidavits and cancelled checks, which showed that rather than Ford Motor Company failing to collect a debt, Ford Motor Company received payment in full from the Democratic National Committee for car rental during the 1976 campaign.

Please include this letter in the public record.

Sincerely yours,

Sally W. Staebler

Sally W. Staebler
Senior Attorney

SWS:gk

82040313911

RECEIVED
FEDERAL ELECTION COMMISSION
GENERAL COUNSEL
AUG 2 P4:00

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Eugene L. Goodridge, Esquire
Suite 405
1700 K Street, N.W.
Washington, D.C. 20006

RE: MUR 1206

Dear Mr. Goodridge:

This will confirm your telephone conversation of July 20, 1982, concerning the notification letter you received that MUR 1206 has been closed. The reference to "your corporation" in that letter dated July 19, 1982, pertains to your client's corporation, Action Surveys, Inc.

If you have additional questions, contact Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

8204034912

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 19, 1982

Lynda S. Mounts, Esquire
Cadwalader, Wickersham and Taft
1333 New Hampshire Avenue, N.W.
Washington, D.C. 20036

RE: MUR 1206

Dear Ms. Mounts:

On July 13, 1982, the Commission took the following action concerning your client:

1. Found no probable cause to believe that the DNC Services Corp. violated 2 U.S.C. § 441b(a) in connection with six corporations: Action Research Interventions, Action Surveys, Inc., Aero Virgin Islands Corp., Ramada Inn, Total Audio Visual Services, Inc., and Triplex Direct Marketing Corporation.

2. Determined to take no further action against the DNC Services Corp. concerning ten corporations: Waldorf Astoria, Roper Organization, Ford Motor Company, Hotel Copy Center, Inc., Playboy Limousines, Sheraton Park Hotel, Standard Typewriter and Equipment, Magus Corporation, Word Process Services, Inc., and General Electric.

Accordingly, the file has been closed in this matter. However, each of the five debts which remain outstanding is to be continuously reported until paid in full or until settled. This matter will become part of the public record within 30 days. Should you wish to submit any factual or legal materials to appear on public record, please do so within 10 days.

If you have any questions, please contact Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

8204034391 3

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 19, 1982

Triplex Direct Marketing
3135 Kerner Boulevard
San Rafael, California 94901

RE: MUR 1206

Dear Sir or Madam:

This is to advise you that after an investigation was conducted, the Commission concluded on July 13, 1982, that there is no probable cause to believe that you violated the Act. Accordingly, the file in this matter, numbered MUR 1206, has been closed as it pertains to you. This matter will become part of the public record within thirty days. Should you wish to submit any factual or legal materials to appear on the public record, please do so within ten days.

If you have any questions, contact Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

8204034914

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 19, 1982

Action Research Interventions
Seven Morningto Lane
Cleveland, Ohio 44106

RE: MUR 1206

Dear Sir or Madam:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

0204034915

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 19, 1982

Marjorie Kinkel, General Manager
Playboy Limousine, Inc.
1629 Twelfth Street
Santa Monica, California 90404

RE: MUR 1206

Dear Ms. Kinkel:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

8204034916

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 19, 1982

Total Audio Visual Service
590 Piedmont Avenue
Atlanta, Georgia 30308

RE: MUR 1206

Dear Sir or Madam:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

8204034917

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 19, 1982

Reuben B. Wheatley, President
Aero Virgin Islands Corporation
Harry S. Truman Airport
P.O. Box 546
St. Thomas, U.S. Virgin Islands 00801

RE: MUR 1206

Dear Mr. Wheatley:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

8204034918

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 19, 1982

Rod Goodwin, President
The Magus Corporation
1822 Pine Street
Philadelphia, Pennsylvania 19103

RE: MUR 1206

Dear Mr. Goodwin:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

8204034919

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 19, 1982

David C. Johnson
Hilton Hotels Corporation
9880 Wilshire Boulevard
Beverly Hills, California 90210

RE: MUR 1206

Dear Mr. Johnson:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

8204034 3920

8204034921

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 19, 1982

Ms. Suanne Dixon
Hotel Copy Centers, Inc.
Sheraton Washington Branch
2660 Woodley Road, N.W.
Washington, D.C. 20008

RE: MUR 1206

Dear Ms. Dixon:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 19, 1982

Roper Organization
One Park Avenue
New York, New York 10016

RE: MUR 1206

Dear Sir or Madam:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

8204039922

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 19, 1982

Standard Typewriter and Equipment
1528 K Street, N.W.
Washington, D.C. 20005

RE: MUR 1206

Dear Sir or Madam:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

8204034392 3

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 19, 1982

Richard W. Lauricella
247 North Potomac Street
Hagerstown, Maryland 21740

RE: MUR 1206

Dear Mr. Lauricella:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

8204034924

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 19, 1982

David Sherman
General Electric Information
Services Company
401 North Washington Street
Rockville, Maryland 20850

RE: MUR 1206

Dear Mr. Sherman:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

8204034925

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

July 19, 1982

Eugene L. Goodridge
Suite 405
1700 K Street, N.W.
Washington, D.C. 20006

RE: MUR 1206

Dear Mr. Goodridge:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

8204034926

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 19, 1982

Allen Russ
Box 278
743 Highway 18
East Brunswick, New Jersey 08816

RE: MUR 1206

Dear Mr. Russ:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

8204034927

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 19, 1982

David T. Rich
The Sheraton Corporation
Sixty State Street
Boston, Massachusetts 02109

RE: MUR 1206

Dear Mr. Rich:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

8204034928

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 19, 1982

Sally W. Staebler
Ford Motor Company
The American Road
Dearborn, Michigan 48121

RE: MUR 1206

Dear Ms. Staebler:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

8204039329

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Lynda S. Mounts, Esquire
Cadwalader, Wickersham and Taft
1333 New Hampshire Avenue, N.W.
Washington, D.C. 20036

RE: MUR 1206

Dear Ms. Mounts:

On July 13, 1982, the Commission took the following action concerning your client:

1. Found no probable cause to believe that the DNC Services Corp. violated 2 U.S.C. § 441b(a) in connection with six corporations: Action Research Interventions, Action Surveys, Inc., Aero Virgin Islands Corp., Ramada Inn, Total Audio Visual Services, Inc., and Triplex Direct Marketing Corporation.

2. Determined to take no further action against the DNC Services Corp. concerning ten corporations: Waldorf Astoria, Roper Organization, Ford Motor Company, Hotel Copy Center, Inc., Playboy Limousines, Sheraton Park Hotel, Standard Typewriter and Equipment, Magus Corporation, Word Process Services, Inc., and General Electric.

Accordingly, the file has been closed in this matter. However, each of the five debts which remain outstanding is to be continuously reported until paid in full or until settled. This matter will become part of the public record within 30 days. Should you wish to submit any factual or legal materials to appear on public record, please do so within 10 days.

If you have any questions, please contact Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

6204039930

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Triplex Direct Marketing
3135 Kerner Boulevard
San Rafael, California 94901

RE: MUR 1206

Dear Sir or Madam:

This is to advise you that after an investigation was conducted, the Commission concluded on July 13, 1982, that there is no probable cause to believe that you violated the Act. Accordingly, the file in this matter, numbered MUR 1206, has been closed as it pertains to you. This matter will become part of the public record within thirty days. Should you wish to submit any factual or legal materials to appear on the public record, please do so within ten days.

If you have any questions, contact Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

8204034931

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Action Research Interventions
Seven Morningto Lane
Cleveland, Ohio 44106

RE: MUR 1206

Dear Sir or Madam:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

6204034932

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Marjorie Kinkel, General Manager
Playboy Limousine, Inc.
1629 Twelfth Street
Santa Monica, California 90404

RE: MUR 1206

Dear Ms. Kinkel:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

0204034393 3

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Total Audio Visual Service
590 Piedmont Avenue
Atlanta, Georgia 30308

RE: MUR 1206

Dear Sir or Madam:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

8204034934

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Reuben B. Wheatley, President
Aero Virgin Islands Corporation
Harry S. Truman Airport
P.O. Box 546
St. Thomas, U.S. Virgin Islands 00801

RE: MUR 1206

Dear Mr. Wheatley:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

8204034935

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Rod Goodwin, President
The Magus Corporation
1822 Pine Street
Philadelphia, Pennsylvania 19103

RE: MUR 1206

Dear Mr. Goodwin:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

8204039360

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

David C. Johnson
Hilton Hotels Corporation
9880 Wilshire Boulevard
Beverly Hills, California 90210

RE: MUR 1206

Dear Mr. Johnson:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Ms. Suanne Dixon
Hotel Copy Centers, Inc.
Sheraton Washington Branch
2660 Woodley Road, N.W.
Washington, D.C. 20008

RE: MUR 1206

Dear Ms. Dixon:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

8204034938

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Roper Organization
One Park Avenue
New York, New York 10016

RE: MUR 1206

Dear Sir or Madam:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Standard Typewriter and Equipment
1528 K Street, N.W.
Washington, D.C. 20005

RE: MUR 1206

Dear Sir or Madam:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

Richard W. Lauricella
247 North Potomac Street
Hagerstown, Maryland 21740

RE: MUR 1206

Dear Mr. Lauricella:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

8204034941

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

David Sherman
General Electric Information
Services Company
401 North Washington Street
Rockville, Maryland 20850

RE: MUR 1206

Dear Mr. Sherman:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Eugene L. Goodridge
Suite 405
1700 K Street, N.W.
Washington, D.C. 20006

RE: MUR 1206

Dear Mr. Goodridge:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Allen Russ
Box 278
743 Highway 18
East Brunswick, New Jersey 08816

RE: MUR 1206

Dear Mr. Russ:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

8204034394

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

David T. Rich
The Sheraton Corporation
Sixty State Street
Boston, Massachusetts 02109

RE: MUR 1206

Dear Mr. Rich:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Sally W. Staebler
Ford Motor Company
The American Road
Dearborn, Michigan 48121

RE: MUR 1206

Dear Ms. Staebler:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days. Should you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

0204034946

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
INC Services Corp.	)	
Action Research Interventions	)	
Action Surveys, Inc.	)	
Aero Virgin Islands Corp.	)	
Ramada Inn	)	
Total Audio Visual Services, Inc.	)	MUR 1206
Triplex Direct Marketing Corp.	)	
Waldorf Astoria Hotel	)	
Roper Organization	)	
Ford Motor Company	)	
Hotel Copy Centers, Inc.	)	
Playboy Limousine, Inc.	)	
Sheraton Park Hotel	)	
Standard Typewriter and Equipment	)	
Magus Corporation	)	
Word Process Services, Inc.	)	
General Electric	)	

CERTIFICATION

I, Marjorie W. Emmons, Recording Secretary for the Federal Election Commission Executive Session on July 13, 1982, do hereby certify that the Commission acted as follows in the above-captioned matter:

1. Failed by a vote of 1-5 to pass a motion to return the July 2, 1982 report to the Office of the General Counsel with the suggestion that each of the vendors whose accounts are outstanding be contacted to ask what they consider a commercially reasonably manner of handling debts owed them, pursuant to their normal lending policy at the time these obligations were incurred by the INC Services Corporation, Inc.

   Commissioner Elliott voted affirmatively. Commissioners Aikens, Harris, McDonald, McGarry, and Reiche dissented.

(Continued)

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2. Decided by a vote of 4-2 to find no probable cause to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. §441b(a) concerning the following vendors:

a) Action Research Interventions
b) Action Surveys, Inc.
c) Aero Virgin Islands Corporation
d) Ramada Inn
e) Total Audio Visual Services, Inc.

Commissioners Elliott, Harris, McDonald, and McGarry voted affirmatively; Commissioners Aikens and Reiche dissented.

3. Decided by a vote of 6-0 to take the following actions:

a) Take no further action against the DNC Services Corporation for the violation of 2 U.S.C. §441b(a) concerning the following corporations:

1) Waldorf Astoria
2) Roper Organization
3) Ford Motor Company
4) Hotel Copy Center, Inc.
5) Playboy Limousines
6) Sheraton Park Hotel
7) Standard Typewriter and Equipment
8) Magus Corporation
9) Word Process Services, Inc.
10) General Electric

b) Find no probable cause to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. §441b(a) concerning Triplex Direct Marketing Corporation.

c) Find no probable cause to believe that the Triplex Direct Marketing Corporation violated 2 U.S.C. §441b(a).

(Continued)

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d) Take no further action against Action Research Interventions concerning the violation of 2 U.S.C. §44lb(a).

e) Take no further action against Action Surveys, Inc. concerning the violation of 2 U.S.C. §44lb(a).

f) Take no further action against Aero Virgin Islands Corp. concerning the violation of 2 U.S.C. §44lb(a).

g) Take no further action against the Ramada Inn concerning the violation of 2 U.S.C. §44lb(a).

h) Take no further action against Total Audio Visual Services, Inc. concerning the violation of 2 U.S.C. §44lb(a).

i) Take no further action against the Waldorf Astoria concerning the violation of 2 U.S.C. §44lb(a).

j) Take no further action against the Roper Organization concerning the violation of 2 U.S.C. 44lb(a).

k) Take no further action against the Ford Motor Company concerning the violation of 2 U.S.C. §44lb(a).

l) Take no further action against the Hotel Copy Center, Inc. concerning the violation of 2 U.S.C. §44lb(a).

m) Take no further action against Playboy Limousines, Inc. concerning the violation of 2 U.S.C. §44lb(a).

n) Take no further action against the Sheraton Park Hotel concerning the violation of 2 U.S.C. §44lb(a).

o) Take no further action against Standard Typewriter and Equipment concerning the violation of 2 U.S.C. §44lb(a).

(Continued)

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p) Take no further action against the Magna Corporation concerning the violation of 2 U.S.C. §441b(a).

q) Take no further action against Word Process Services, Inc. concerning the violation of 2 U.S.C. §441b(a).

r) Take no further action against General Electric concerning the violation of 2 U.S.C. §441b(a).

MWE s) Close the file.

t) Request the FEC Office of General Counsel to send appropriate letters pursuant to the actions taken in MUR 1206 this date, and direct that the letter to the DNC Services Corporation, Inc. notify the respondent of their obligations with respect to reporting, settlement of debts, and other matters pertinent to complying with the FECA.

Commissioners Aikens, Elliott, Harris, McDonald, McGarry, and Reiche voted affirmatively for this decision.

Attest:

7-15-82
Date

Marjorie W. Emmons
Secretary of the Commission

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
DNC Services Corp.)
Action Research Interventions)
Action Surveys, Inc.)
Aero Virgin Islands Corp.)
Ramada Inn)
Total Audio Visual Services, Inc.)
Triplex Direct Marketing Corp.)
Waldorf Astoria Hotel)
Roper Organization) MUR 1206
Ford Motor Company)
Hotel Copy Centers, Inc.)
Playboy Limousine, Inc.)
Sheraton Park Hotel)
Standard Typewriter and Equipment)
Magus Corporation)
Word Process Services, Inc.)
General Electric)

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GENERAL COUNSEL'S REPORT

BACKGROUND

On January 13, 1981, the Commission found reason to believe that the DNC Services Corporation, Inc. (DNCSC) received contributions from 16 corporations in violation of 2 U.S.C. § 441b(a). The findings arose from the Committee's receipt of extensions of credit from corporate vendors beyond a commercially reasonable time period and its failure to settle debts in a commercially reasonable manner.

In the General Counsel's Brief dated April 8, 1982, this Office notified the Committee of our intent to recommend probable cause findings to the Commission concerning the DNCSC's outstanding obligations to five corporations. The Brief analyzed

the factual and legal situation in each of the five transactions, giving consideration to the information received from the respondents.

In its response brief, the DNCSC asserted that the Committee did not accept unlawful contributions with respect to any of the matters raised in this MUR, and that the Commission should take no further action regarding the allegations. Counsel for the DNCSC stated that the Committee has acted in a commercially reasonable manner with respect to these accounts. In support of this statement, counsel argued that it would not be reasonable to make payments when the outstanding amount has not been verified by the vendor. Further, counsel argued that there is no evidence of intent to make or receive a contribution on the part of the corporation or the Committee. Counsel stated that the Committee intends to pay its debts in full, but that adequate funds are not available. Debt settlement procedures are suggested as the method to resolve open vendor accounts which cannot be verified.

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LEGAL ANALYSIS

Current Commission regulations at 11 C.F.R. § 100.7(a)(4) state, "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect." (See also 11 C.F.R. former § 100.4(a)(6) which is nearly identical in wording).

As a result of the 1979 congressional changes to the Act, the Commission made concomitant revisions to the accompanying regulations. At 11 C.F.R. § 100.7(a)(4), the definition of contribution was expanded to clarify the political committee's responsibility as debtor: "a debt owed by a political committee which is forgiven or settled for less than the amount owed is a contribution unless such debt is settled in accordance with the standards set forth at 11 C.F.R. § 114.10." This addition was included to articulate the liability of a committee in relation to its creditors. The language of the definition clearly specifies how a committee debt may be viewed as a contribution; i.e., if the debt is settled in a manner which does not comport with the standards found in 11 C.F.R. § 114.10.

11 C.F.R. § 114.10(a) allows corporate extension of credit to a political committee in connection with a federal election provided that the credit is extended in the ordinary course of the corporation's business. The extension of credit implies a receipt of credit by the political committee. At 11 C.F.R. § 114.10(c) the standards are set forth for a "commercially reasonable" settlement of debts at less than full price. These standards encompass not only the corporate creditor's role, but delineate the political committee's responsibility as a partner in the settlement, a responsibility implicit throughout the regulatory discussions of the debtor/creditor relationship. 11 C.F.R. § 114.10(c)(2) states that a debt settlement will be considered commercially reasonable if the political committee has

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undertaken all commercially reasonable efforts to satisfy the outstanding debt. Therefore, the regulations are clear that when a political committee fails to exhaust all commercially reasonable efforts to pay such outstanding debts (pursuant to 11 C.F.R. § 114.10(c)(2)), the committee's unpaid debts are contributions according to the definition at 11 C.F.R. § 100.7(a)(4). Based on these regulations, failure to settle debts in a commercially reasonable manner may result in making or receiving corporate contributions in connection with a federal election. Such contributions are prohibited by 2 U.S.C. § 441b(a).

In the matter of the DNCSC, the Committee failed to fulfill the commercially reasonable standards for settlement of debts owed to five corporate vendors. The factual analyses below show that the DNCSC did not undertake all commercially reasonable efforts to satisfy these debts, as evidenced by the number of years each debt has remained outstanding without a payment. In assessing the commercially reasonable handling of debts, Committee counsel ignored the period of time the debts have remained unpaid. The Committee's debt position historically exceeds its cash balance. However, the Committee continues to pay its current operating expenses.

Based on the foregoing analysis of pertinent regulations, the old debts which remain outstanding may be characterized as contributions from corporate sources. Therefore, the Office of General Counsel is recommending that the Commission find probable

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cause to believe that the Committee violated 2 U.S.C. § 441b(a) for receipt of prohibited corporate contributions.

We are recommending no further action against the Committee concerning debts which were eventually paid in full. We would not say that no violation occurred in the case of the additional debts which remained outstanding for two to five years. However, because the Committee has substantially remedied the problem through full repayment of the debts, we would recommend against further pursuit of these matters.



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CORPORATE RESPONDENTS

As to the corporate extensions of credit, our review of available information from the Committee and the corporate respondents indicates that most of the corporations made some efforts to obtain payment, efforts varying according to the size of the particular debt involved and the assets or tenacity of the

vendor. Such actions argue against an intent to make a contribution. However, intent is not the issue here; instead, the focus should be whether a violation occurred through the creditor's failure to pursue the debt in a manner similar in intensity to pursuit of a non-political debtor or through the political committee's failure to make all commercially reasonable efforts to satisfy the outstanding debt. See 11 C.F.R. § 114.10(c)(2-3). It is the position of this Office that violations of 2 U.S.C. § 441b(a) may have occurred on the part of the corporate creditors in this matter. However, based on the relatively small amounts of the debts in most instances, coupled with evidence of attempts to collect, we would not pursue the potential violations as they pertain to particular corporate creditors.

Finally, in cases with convincing evidence of a serious dispute over a debt between the Committee and the corporation, we are recommending no further action against either party in the dispute.

Each debt situation has been examined on a case-by-case basis. The factual analyses and conclusions concerning the DNCSC and sixteen corporate respondents are detailed below.

This investigation also raises the question of how long a debt may remain unpaid until it becomes a contribution. Absent specific guidelines, the auditors referred to this Office the debts which were outstanding six months or longer.

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Action Research Interventions (ARI)

During 1976, ARI conducted training institutes in various cities for the DNCSC. The DNCSC submitted documents to this Office, including ARI statements of account, which show billings throughout 1976 and an unpaid balance on May 7, 1977, of $18,145.56. Following receipt of another ARI statement on July 9, 1977, the DNCSC internally established a payment schedule of $4,000 per month to be paid until the debt was liquidated. The DNCSC made three $4,000 payments (July, August and October 1977), then discontinued payment. ARI continued to bill for the balance due through August 1977.

Nearly three years later in May 1980, the Committee sent ARI a check for $1,500 which was not cashed. In June 1980, the DNCSC received notice that ARI was no longer in business when the vendor's former president sought liquidation of the balance due. The DNCSC says it has not made further payments because it is "unclear" who owns the company and because the $1,500 check was never negotiated. The amount still outstanding (including the unnegotiable $1,500 check) totals $6,145.55.

A telephone call to the Ohio Secretary of State's corporate division revealed that ARI is an active corporation with officers and an attorney who acts as its statutory agent. It is apparent that the vendor billed the Committee at regular intervals for at least 1 1/2 years. Because of the vendor's efforts to obtain

payment, the Office of General Counsel would not pursue the matter further with the corporate respondent. We recommend that the Commission take no further action against Action Research Interventions concerning a violation of 2 U.S.C. § 441b(b).

There appears to be little basis for the Committee's failure to liquidate the debt during more than four years after incurring such debt. The Committee has, in effect, settled the debt for less than the amount originally incurred. Failure to pay a debt cannot be viewed as a commercially reasonable settlement. Therefore, the debt may be characterized as a contribution as defined at 11 C.F.R. § 100.7(a)(4) (concerning a debt owed by a political committee). Accordingly, we recommend that the Commission find probable cause to believe that the DNCSC violated 2 U.S.C. § 441b(a) in the amount of the remaining debt.

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Action Surveys, Inc. (Action Surveys)

On August 22, 1977, Action Surveys billed the DNCSC in the amount of $485 for a one-time only survey job. The vendor states that it had no receivables control or summary ledger prior to October 15, 1978, and simply maintained statements in client files. When controls were introduced and only current billings were listed, the company could not determine whether old bills remained unpaid. Action Surveys asserts that "such a circumstance could not be repeated under current accounting practices and procedures in place..." The vendor states that the statute of limitations bars further pursuit of this debt.

It appears that the fledgling corporation's early recordkeeping procedures account for its failure to pursue the debt. Because the vendor has since established billing controls, but is apparently barred from collection attempts by the statute of limitations, the Office of General Counsel would not recommend further action against the corporation in this matter.

For its part, the DNCSC made no payments on the bill. In January 1980, when the Committee requested confirmation of the outstanding account, Action Surveys could not account for the three year old debt. As a result, the DNCSC intends to expunge this item from its list of outstanding obligations. Committee counsel offers debt settlement procedures as a possible resolution.

As previously stated, the regulations allow a debt to be settled for less than the amount incurred if the debt has been treated in a commercially reasonable manner. 11 C.F.R. § 114.10(c). The settlement may be considered commercially reasonable if, in part, the political committee has undertaken all commercially reasonable efforts to satisfy the outstanding debt. 11 C.F.R. § 114.10(c)(2). The Committee's failure to pay this debt cannot be construed as a commercially reasonable effort to satisfy the debt. Therefore, the debt may be viewed as a contribution pursuant to the definition at 11 C.F.R. § 100.7(a)(4). The receipt of corporate contributions is prohibited by 2 U.S.C. § 441b(a). We are recommending a finding of probable cause to believe against the DNCSC in this matter.

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Aero Virgin Islands Corp. (Aero)

The DNCSC states that Aero billed the Committee on December 23, 1977, for transportation of DNCSC officials and others totaling $180.00. On January 30, 1980, the Committee requested confirmation of the outstanding amount, but received no reply. The DNCSC concludes that the applicable statute of limitations "may preclude collection" at this point, and the Committee intends to write the debt off its books. The Committee now suggests debt settlement procedures.

Aero's president states that any failure to pursue collection was inadvertent and that no contribution was intended. He states that Aero is a small corporation whose accounts are "poor" due to accounting personnel turnovers.

It is evident that the vendor billed the DNCSC at least once for its services. The Committee failed to respond with payment. However, additional efforts at collection could prove costly for so small a debt and may be barred by the statute of limitations. Because of the age and relatively small amount of the debt, this Office recommends no further action against Aero in this matter.

The Committee's failure to settle the debt in a commercially reasonable fashion results in a contribution under the regulation's definition. 11 C.F.R. § 100.7(a)(4). Receipt of corporate contributions in connection with a federal election is prohibited by 2 U.S.C. § 441b(a). Therefore, we are recommending that the Commission find probable cause to believe that the DNCSC violated 2 U.S.C. § 441b(a) in this matter.

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Ramada Inn

According to documents obtained from counsel for the Ramada Inn and from DNCSC information, it appears that a client of the Carter-Mondale 1976 campaign arranged an election night party at a New Jersey Ramada Inn. Correspondence shows that the Inn made numerous attempts to collect the debt of $2,450 from the campaign client, the Carter-Mondale Campaign Committee, and the DNCSC. The Ramada Inn continued to seek payment through early 1979. The DNCSC officially assumed the debt on its books in August 1977, but made no effort to pay it. In its response to the reason to believe notice, the DNCSC stated that it would supply additional information "if the facts warrant." In its brief, the Committee concludes that the debt was not a "proper obligation" and was placed on its books in error.

It is evident from the documents reviewed that Ramada Inn made incessant demands for payment on this account without success. Because of the vendor's efforts to obtain payment, this Office recommends that no further action be taken against Ramada Inn concerning a violation of 2 U.S.C. § 441b(a).

It is also apparent that the Committee accepted liability for this debt and did not pay it despite demands by Ramada Inn. The Committee's failure to settle the debt in a commercially reasonable manner according to 11 C.F.R. § 114.10 results in a contribution (11 C.F.R. § 100.7(a)(4)). Receipt of corporate contributions is prohibited by 2 U.S.C. § 441b(a). Therefore, the Office of General Counsel recommends a finding of probable

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cause to believe against the DNCSC for the violation of 2 U.S.C. § 441b(a) in this matter.

Total Audio Visual Services, Inc. (Total Audio)

Committee counsel states that Total Audio billed the Carter-Mondale headquarters on November 4, 1976, for the cost of a television set which was not returned after rental for an election night party. On November 30, 1976, the Committee assumed the debt pursuant to 2 U.S.C. § 441a(d). As part of its independent audit, the Committee wrote Total Audio in January 1980, requesting verification of its outstanding debt. The Committee received no response, but subsequently reached Total Audio by telephone. In April 1980, the vendor found no record of the more than three year old invoice. Based on the vendor's failure to verify the account, the DNCSC proposes to delete the obligation from its books and its FEC reports.

This Office was unable to locate Total Audio by mail or telephone. However, it is apparent that Total Audio sent at least one invoice in the amount of $364 to the Committee. The DNCSC apparently failed to pay the bill. We recommend no further action against the corporation in this matter.

The regulations allow a committee to settle a debt for less than full value provided the political committee has undertaken all commercially reasonable efforts to satisfy the outstanding debt. 11 C.F.R. § 114.10(c) and (c)(2). The Committee's failure to make payment on this debt during three years cannot be viewed as commercially reasonable. The Committee's failure to settle

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the debt in a commercially reasonable manner results in a contribution. 11 C.F.R. § 100.7(a)(4). Receipt of corporate contributions is prohibited by 2 U.S.C. § 441b(a). Therefore, we are recommending that the Commission find probable cause to believe that the DNCSC violated 2 U.S.C. § 441b(a) in this matter.

Triplex Direct Marketing Corp. (Triplex)

According to the DNCSC, it hired Triplex to screen its mailing list to effect more efficient use. On January 16, 1978, and March 27, 1978, Triplex billed the Committee for amounts totaling $2,422.01.

In October 1979, the DNCSC asked the vendor about the open invoices. Triplex confirmed that the Committee's list broker had paid both invoices from DNCSC list rental income. The Committee provided a copy of the Triplex confirmation letter as the vendor did not receive its reason to believe notice.

This evidence indicates that the billing and payment procedures of these transactions were dispatched in a commercially reasonable manner. Therefore, the Office of General Counsel concludes that no violation of 2 U.S.C. § 441b(a) occurred in this case. We recommend findings of no probable cause regarding the Committee and Triplex in this case.

Waldorf Astoria (Waldorf)

FEC auditors discovered two apparent DNCSC debts owed to the Waldorf. Counsel for the Waldorf, responding to the reason to believe notice, stated that the hotel does not retain records of

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this kind indefinitely. However, with invoices and correspondence obtained from the Committee's counsel, he explained the account transactions as the two parties understand it. The hotel and Committee agree as to the events surrounding these debts.

The hotel's counsel described the debt of $855.26 as a bill for individual room rentals and related services provided on October 27, 1976. Lacking specific billing directions, the hotel billed the DNC. In subsequent correspondence, the Committee disputed the billings as unauthorized expenses and suggested that the charges be directed to the Congressional Black Caucus. Apparently, the Caucus understood that the Committee for Jimmy Carter would pay the bills and seek reimbursement from the DNC. When the DNC disputed the charge, the Waldorf sought payment from the individuals. Failing this, the hotel eventually wrote off this debt as an individual account rather than a political debt. It appears that responsibility for payment was genuinely disputed, and the eventual write-off of $855.26 was the commercially reasonable resolution. No further action is indicated in this matter.

As to the debt of $524.84, the Waldorf's attorney states that the amount apparently represents the balance due from a banquet held at the hotel on June 24, 1977. Again, the hotel has not retained records to 1977 and the DNCSC has offered none. The debt was not paid from June 1977 until April 1980 when the Committee requested confirmation of outstanding debts. The

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Waldorf incorrectly advised the Committee that its outstanding debt totaled $479.58, which the Committee soon paid. However, the hotel discovered that the amount of $479.58 was actually due from another Democratic group. Both the Waldorf and the DNCSC now show a zero balance to the Committee's account. The hotel apparently intends to bill the Committee for the unpaid difference between the amount paid ($479.58) and the amount originally owed ($524.84).

Without available records, there is some question as to whether the hotel may have written off this old unpaid debt as it did the individual debts noted above. However, it appears that the hotel may now receive payment in full for its previously uncollected debt. There is no evidence that the Committee made any efforts to pay this debt prior to 1980. However, since the debt has been paid according to both parties, the Office of General Counsel would not pursue this matter. We are recommending that the Commission take no further action against the Waldorf or the DNCSC concerning this transaction.

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Roper Organization (Roper)

According to the Committee, it subscribed in 1977 to a Roper publication. The annual subscription rate of $6,500 was due quarterly in payments of $1,625. On December 19, 1977 and April 28, 1978, Roper billed the Committee for the overdue third and fourth quarter 1977 installments totaling $3,250. This amount remained unpaid until paid in full on March 12, 1980 ($1,250) and April 30, 1980 ($2,000).

Roper billed the Committee at least through April 1978. The vendor's reason to believe notice was returned. However, the vendor sought payment and the Committee eventually paid in full. Therefore, the Office of General Counsel recommends that the Commission take no further action against the DNCSC or Roper in this case.

Ford Motor Company (Ford)

The audit of the DNCSC revealed unpaid debts to Ford totaling $4,000 dated February 12, 1976 and August 25, 1976. Both the DNCSC and Ford provided information and records to document the account history.

The Committee states that the debt was incurred when it leased Ford vehicles for use during 1976 ($2,000 per six month period). The DNCSC provided bills and correspondence from Ford dating from the original invoices through August 1978. The Committee assured Ford verbally and in writing that the debt would be paid. More than three years later, on September 30, 1979, and January 31, 1980, the DNCSC paid the balance due.

Counsel for Ford denies the alleged violation, stating that Ford pursued the indebtedness and received payment in full. The attorney did not explain Ford's normal business practice regarding accounts receivable.

In this case, the corporation sought payment of the outstanding debt and the Committee eventually paid in full. Therefore, the Office of General Counsel recommends that the

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Commission take no further action against the Committee or Ford for a violation of 2 U.S.C. § 441b(a).

Hotel Copy Centers, Inc. (HCC)

FEC auditors found an outstanding debt of $339.41 from HCC for DNCSC photocopying dating to April 1977. Three years later, in April 1980, the Committee paid this bill. According to records provided by HCC, the company was a sole proprietorship until April 24, 1978, when it incorporated. Therefore, this debt does not involve corporate contributions which would fall under the jurisdiction of 2 U.S.C. § 441b(a). However, the DNCSC noted an additional debt of $133.04 to HCC which was incurred on May 31, 1979, after the date of incorporation. The debt remained outstanding for nearly a year when it was paid in full in April 1980.

The Office of General Counsel recommends no further action against the Committee or HCC in this matter.

Playboy Limousine, Inc. (Playboy)

During the DNCSC audit, FEC auditors noted an outstanding debt of $402.98 due to Playboy Limousine. According to the Committee and Playboy, the debt dates to October 1977 when the vendor provided limousine service. Playboy's general manager states that the debt remained on their books while the company continued to bill the Committee. She stated that Playboy required cash or credit card payment for subsequent DNCSC service requests. Following the Committee's independent audit, on March 12, 1980, the DNCSC paid the debt in full.

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In this case, it appears that the vendor continuously sought payment for a bill outstanding nearly two and a half years. Finally, the Committee paid the debt in full. Therefore, we would not recommend further pursuit of this matter.

Sheraton Park Hotel (Sheraton)

The FEC audit of the DNCSC revealed a debt outstanding of $262.73 to the Sheraton dating to July 1978. Neither the Sheraton nor the DNCSC had available documents to confirm payment of this particular invoice. Both the hotel and Committee provided information concerning their view of this matter.

Committee counsel explained that the debt in question apparently relates to a meeting at the hotel in June 1978. DNCSC records of that time show several checks issued to the hotel without accompanying documents which link them to a specific function. The Committee's comptroller also noted a 1979 refund from the Sheraton relating to another meeting. The DNCSC comptroller wrote off the 1978 debt reasoning that this account had been paid through payments to another DNCSC account. The Committee also believes that the hotel would not refund its account if an outstanding balance remained in any other DNCSC account.

The Sheraton attorney could not provide details of the exact situation, but explained the hotel's procedures with respect to political accounts. He stated that the Sheraton requires prepayment for political functions based on an estimate of services. However, subsequent billing may be required when

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unforseen services are added. Counsel stated that telephone calls and registered letters result when an account is not paid on time. Failure to obtain payment after 120 days would result in a write-off for so small an account. The Sheraton attorney and the hotel's controller assume that the account was handled in the ordinary course.

It is not clear, in this case, that payment was made to cover the debt of $262.73. It appears that no records exist which could verify settlement of the account. The Office of General Counsel cannot affirm that no violation occurred in this matter. However, the available information indicates that the debt was paid. We recommend that no further action be taken against either the DNCSC or the Sheraton Corporation.

Standard Typewriter and Equipment (Standard)

The auditors found a debt of $63 on Committee books from Standard Typewriter apparently incurred February 16, 1976. The Committee states that the bill represents the balance due on equipment rented in November 1976. Regardless of the discrepancy of dates incurred, the DNCSC carried the debt for four years without making payment. On February 6, 1980, the Committee sought confirmation of its balance due Standard. The vendor advised the Committee of a zero balance. Thereafter, the DNCSC expunged the debt from its books. The Committee conjectures that the debt was paid by the "unidentified source" who originally rented the equipment.

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Standard apparently received the notice of reason to believe, but did not respond to it. After four years, Standard no longer carried this as a receivable and it is likely that the company wrote off a debt of $63.00.

Without the corporation's response, it is unknown whether Standard continued to bill the Committee for this debt. In addition, it cannot be determined if the bill was paid in full. However, the dollar amount involved does not warrant further pursuit of this matter with either party. Therefore, the Office of General Counsel recommends that no further action be taken against the Committee or the corporation.

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The Magus Corporation (Magus)

During the audit, FEC auditors discovered a letter from Magus to the Committee seeking a final $10,000 installment on a $50,000 film production job. The letter noted that the vendor "took a loss due to [its] commitment to the President," but did not wish to absorb an additional $10,000. During the audit fieldwork, there was no evidence that the Committee paid the balance due.

Magus explained that the "loss" mentioned in its letter to the DNCSC referred to an internal miscalculation of costs which could not be recovered under the vendor's contract with the Committee. This explanation of the loss is documented with an internal Magus memorandum.

Magus sent the DNCSC the subject letter dated March 21, 1979, after consistently dunning the Committee for three months

to obtain the $10,000 payment due December 1978. The Committee responded with payments of $2,000 paid monthly, April 1979 through August 1979. Magus states that it attempted to impose interest on late payments, but the contract did not clearly empower the vendor to do so.

The DNCSC did not make timely payment of the final contracted installment. In fact, $4,000 of the payment remained outstanding longer than six months. However, since the Committee eventually paid the debt in full, and the vendor sought payment from the Committee, we recommend that no further action be taken against the vendor or the DNCSC in this matter.

Word Process Services, Inc. (WPS)

The auditors found payment due on two Committee invoices from Word Process Services, Inc., a bill of $400 incurred January 13, 1977, and another of $166.05 incurred March 25, 1977. Both the Committee and WPS submitted information and affidavits which offer disputed versions of the account's history.

The Committee states that it received an invoice for $1,100 for maintenance of two word processing machines. The DNCSC noted payment of $700 on this account. Committee counsel stated that the DNCSC subsequently abandoned the machines before the contract expired because the processors were not working. Because WPS took one machine and did not return it, the Committee considered the account cleared.

As for WPS, its attorney maintains that its contract with the Committee included charges of $550 each for maintenance of

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two word processors (the Committee's 2/77 invoice of $1,100) and an additional charge of $166.05 for ribbons (3/77). WPS employees recall numerous telephone calls thereafter, seeking payment. In May 1977, the Committee paid $200. WPS president stated that the Committee paid $500 in August 1977 and the corporation ceased services. At this point, the Committee had paid $700, leaving debts outstanding of $400 on one invoice and $166.05 on another (the amounts revealed by FEC audit). WPS president stated that the company prorated the service contract ($1,100) over 12 months and determined that the amount outstanding closely approximated the cost of fulfilling the last six months of the DNCSC contract. Therefore, WPS halted service and nullified the remainder of the contract. WPS contends that it would have been too costly to further pursue the matter.

The Committee and WPS differ as to the circumstances surrounding cancellation of the contract. However, both parties consider the account closed. In this case, the Office of General Counsel recommends that no further action be taken against the Committee or vendor concerning a violation of 2 U.S.C. § 441b(a).

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General Electric Corporation (GE)

FEC auditors found a debt outstanding to GE of $32,082.20 for computer services. Both the Committee and GE submitted copies of correspondence to document this long-standing disputed bill.

Our review of these documents indicates that in January 1978, the DNCSC indefinitely halted payment on the account until

GE could justify its escalating monthly computer costs for fourth quarter 1977. Charges continued to mount without payment by the Committee until the balance reached $53,838.05 in June 1978. According to GE and Committee documents, the two parties agreed to settle the account. The amount outstanding was reduced by a GE credit of $18,717 and further by a $5,000 Committee certificate of deposit which was pledged to the account. The Committee apparently agreed to pay $30,121.05 with additional monthly charges for archival storage. However, a change in DNCSC administration renewed the dispute. Memoranda indicate that GE managers determined this account could not be collected. In January 1979, GE canceled service to DNCSC, noting that the Committee owed $32,610.86 (11/77 - 11/78) plus additional monthly storage charges. A GE memo for record requests confirmation "that the concession will not be considered a contribution to the Democratic Party."

It is evident that the GE debt was seriously disputed by both sides. Attempts at settlement failed, leaving the DNCSC and GE at an impasse. Because the debt is clearly disputed, the Office of General Counsel recommends that the Commission take no further action against the DNCSC or GE in this matter.

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Recommendations

1. Find probable cause to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a) concerning the following vendors:

   a) Action Research Interventions
   b) Action Surveys, Inc.
   c) Aero Virgin Islands Corporation

d) Ramada Inn
e) Total Audio Visual Services, Inc.

2. Take no further action against the DNC Services Corporation for the violation of 2 U.S.C. § 441b(a) concerning the following corporations:

a) Waldorf Astoria
b) Roper Organization
c) Ford Motor Company
d) Hotel Copy Center, Inc.
e) Playboy Limousines
f) Sheraton Park Hotel
g) Standard Typewriter and Equipment
h) Magus Corporation
i) Word Process Services, Inc.
j) General Electric

3. Find no probable cause to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a) concerning Triplex Direct Marketing Corporation.

4. Find no probable cause to believe that the Triplex Direct Marketing Corporation violated 2 U.S.C. § 441b(a).

5. Take no further action against Action Research Interventions concerning the violation of 2 U.S.C. § 441b(a).

6. Take no further action against Action Surveys, Inc. concerning the violation of 2 U.S.C. § 441b(a).

7. Take no further action against Aero Virgin Islands Corp. concerning the violation of 2 U.S.C. § 441b(a).

8. Take no further action against the Ramada Inn concerning the violation of 2 U.S.C. § 441b(a).

9. Take no further action against Total Audio Visual Services, Inc. concerning the violation of 2 U.S.C. § 441b(a).

10. Take no further action against the Waldorf Astoria concerning the violation of 2 U.S.C. § 441b(a).

11. Take no further action against the Roper Organization concerning the violation of 2 U.S.C. § 441b(a).

12. Take no further action against the Ford Motor Company concerning the violation of 2 U.S.C. § 441b(a).

13. Take no further action against the Hotel Copy Center, Inc. concerning the violation of 2 U.S.C. § 441b(a).

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14. Take no further action against Playboy Limousines, Inc. concerning the violation of 2 U.S.C. § 441b(a).

15. Take no further action against the Sheraton Park Hotel concerning the violation of 2 U.S.C. § 441b(a).

16. Take no further action against Standard Typewriter and Equipment concerning the violation of 2 U.S.C. § 441b(a).

17. Take no further action against the Magus Corporation concerning the violation of 2 U.S.C. § 441b(a).

18. Take no further action against Word Process Services, Inc. concerning the violation of 2 U.S.C. § 441b(a).

19. Take no further action against General Electric concerning the violation of 2 U.S.C. § 441b(a).

20. Close the file in the matter of the above-named corporate respondents.

21. Send the attached letters.

Charles N. Steele
General Counsel

Date July 2, 1982 BY: Kenneth A. Gross
Kenneth A. Gross
Associate General Counsel

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Attachments

A - Committee Brief
B through Q - 16 letters to corporate respondents
R - Letter to Lynda S. Mounts

(1)

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of The DNC Services Corporation, Inc.	MUR 1206

BRIEF OF THE DNC SERVICES CORPORATION, INC.

I. Introduction

On January 22, 1981, the Federal Election Commission (Commission) advised the DNC Services Corporation (DNC) that it had found reason to believe that the DNC may have violated § 441b(a) of the Federal Election Campaign Act (FECA) because it did not pay 21 debts to 16 corporations, totalling $54,254.79, between 1976 and 1978. (See Attachment A, provided by the Office of General Counsel.[1/]) As we understood the General Counsel's report on the matter, his concern was that corporations may have extended credit to the DNC for "a length of time beyond normal business or trade practice" without making a commercially reasonable attempt to collect. See 11 C.F.R. § 100.7(a)(4).[2/]

1/ In addition to the 15 corporations listed on Attachment A, the Commission questioned a transaction with the Magus Corporation.

2/ Section 441b(a) prohibits corporate contributions. It also prohibits a political committee from knowingly accepting or receiving such contributions. As pertinent here, the Commission's regulations define "contribution" to include "the extension of credit by any person for a length of time beyond

Attachment A (1)

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According to the General Counsel's report, the corporations' failure to seek payment of the outstanding debts constitutes making corporate contributions, and the DNC's failure to make payments constitutes accepting corporate contributions.

On April 13, 1981 the DNC submitted its response urging the Commission to take no further action with respect to this matter. The DNC maintained that none of the obligations at issue constitutes a contribution. The DNC explained that the corporate extension of credit to an ongoing institution with a practice of meeting its obligations was commerically reasonable; that many of the creditors did seek payment; and that there is no evidence that any of the creditors intended to make a contribution to the DNC. Further, the DNC showed that it had taken commercially reasonable steps to satisfy each outstanding debt; although it has been in a deficit position for over thirteen years.[3/] In fact, since the time that the Commission's auditors reviewed its records, the DNC has paid in full two thirds of the obligations at issue. As for virtually all of the remaining obligations, the DNC was unable to verify the amounts or they were in dispute.

On April 15, 1982, the DNC received the General Counsel's Brief, which recommends that the Commission find probable cause

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(footnote continued)

normal business or trade practice..., unless the creditor has made a commercially reasonable attempt to collect." 11 C.F.R. § 100.7(a)(4).

3/ In its most recent FEC report, for the period ending March 31, 1982, the DNC reported cash on hand of $612,698.16 with outstanding obligations of $1,913,657.51.

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to believe that the DNC violated 2 U.S.C. § 441b(a) in [illegible] transactions with the following five vendors: Action Research Interventions, Action Surveys, Inc., Aero-Virgin Islands Corporation, Ramada Inn, and Total Audio Visual Services, Inc. The General Counsel also recommends that the Commission find no probable cause to believe that the DNC violated 2 U.S.C. § 441b(a) concerning Triplex Direct Marketing.

Pursuant to § 111.16(c) of the Commission's regulations, the DNC hereby files it Brief to the Commission. Because the DNC did not accept unlawful contributions with respect to any of the matters raised in MUR 1206, the Commission should take no further action on these matters.

II. The DNC Did Not Accept Contributions In Violation Of The FECA.

A. Outstanding obligations

As noted, the General Counsel's Brief recommends that the Commission find probable cause with respect to five outstanding obligations. The facts are as follows.[4/]

1. Action Research Interventions, Inc.

Attachment A shows a $6,007.31 obligation incurred on December 31, 1976. From March 3, 1976 through December 18, 1976, Action Research Interventions, Inc. (Action Research) sent the DNC invoices for conducting training institutes in various cities. On May 7, 1977, Action Research submitted a statement of

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[4/] Please refer to the Appendix to the DNC's letter of April 13, 1981, incorporated herein by reference, which documents the facts detailed in this portion of the Brief.

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account totalling $10,145.55. The DNC's then Comptroller noted on this statement that the DNC should set up a payment schedule. On a subsequent statement, dated July 9, 1977, the DNC's then Administrator advised the Comptroller to set up a payment schedule: $4,000 the week of July 11, and $4,000 per month until exhausted. The DNC made payments of $4,000 on July 15, 1977 and August 3, 1977. On August 29, 1977, Action Research submitted a bill for the balance, $10,145.55. On October 26, 1977, the DNC issued a check to Action Research for $4,000 and on May 30, 1980 for $1,500, leaving $4,645.55 remaining due. The May 30 check was never cashed. Moreover, on June 25, 1980, the DNC received notification that Action Research was no longer in business and that an individual, the former owner, had "taken over the concerns" of the company. He requested liquidation of the balance due. Accordingly, the DNC has not made further payment because there was no way to assure that any payment would be properly received and applied to the credit of the DNC.

6,145.55

2. Action Surveys, Inc.

On August 22, 1977, the DNC received a bill from Action Surveys, Inc. (Action Surveys) in the amount of $485 for "Virginia Survey." On January 31, 1980, in response to a letter requesting confirmation of any outstanding balance, Action Surveys reported the DNC had a zero balance. On April 30, 1980, the DNC called to inquire about this account. An Action Surveys representative advised he would check and call back. But, Action Surveys has not contacted the DNC since. The DNC has tried to verify the amount outstanding, but has been unable to do so.

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Unless the Commission has information that constitutes verification, the most practicable course may be to follow debt settlement procedures.

3. Aero-Virgin Islands Corp.

Aero-Virgin Islands Corp. (Aero) submitted an invoice to the DNC dated December 23, 1977. Apparently, the invoice covered transportation for DNC officials and employees, as well as the State Party Chair of the Virgin Islands. Aero did not respond to the DNC's request to confirm the outstanding balance. As with Action Surveys, debt settlement procedures may be appropriate.

4. Ramada Inn

Apparently, someone purporting to represent the 1976 Carter-Mondale campaign organized an election night party at a Ramada Inn in New Jersey. The bill, dated November 2, 1976, was in the amount of $2,818.20; Ramada Inn reduced it to $2,450 after contest of certain items. During 1977 the president of the Ramada Inn sought payment from the organizer of the party, the Carter-Mondale Campaign Committee, and the DNC. Also, his lawyer wrote a letter to President Carter on June 17, 1977, asking the President to help clear up the matter. On August 19, 1977, the DNC entered the amount on its books as a liability. The Ramada Inn has not contacted the DNC since that time. Upon further review of the file, the DNC has concluded that there is no evidence that this was a proper obligation of the DNC and placement of that amount on its books was in error.

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5. Total Audio Visual Services, Inc.

On November 4, 1976, Total Audio Visual Services, Inc. (Total Audio) issued an invoice in the amount of $364 to the Carter-Mondale Headquarters for the cost of a television set not returned after rental for a campaign victory party. The DNC apparently assumed the obligation as part of its § 441a(d) expenditures under the FECA on November 30, 1976. Total Audio did not respond to a January 30, 1980 letter form the DNC, in conjunction with an independent audit, requesting information as to whether there was an amount outstanding. On April 16, 1980, the DNC's then Comptroller called a Total Audio representative, who advised her that he had no record of the invoice. He said that he would contact the DNC if he found anything. The DNC has not heard from him. The former Comptroller believes it is possible that the campaign committee paid this account. In any event, having been unable to verify this account, the same procedure suggested for Action Surveys may be appropriate.

With respect to each of these accounts, the DNC has acted in a commercially reasonable manner. In several instances (Action Survey, Aero-Virgin Islands, Total Audio-Visual), the vendor failed to respond to a DNC inquiry seeking to confirm whether there was an outstanding obligation and in what amount. In another (Action Research), the vendor failed to cash the last check the DNC paid and there is some uncertainty as to who owns the company. It would not be reasonable for the DNC to make a payment if the vendor fails to verify or there is other uncertainty, when it has other obligations awaiting payment. In

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fact, as pointed out in our April 17, 1981 letter, the DNC paid in full ten of the obligations originally questioned by the Commission since the audit giving rise to this investigation.

Moreover, there is no evidence that any of the corporations provided services to the DNC without intending to collect, or intending to aid a particular party in a federal election. (See Miller v. AT&T, 507 F.2d 759(3rd Cir. 1974). Nor is there any evidence that the DNC intended to receive a contribution. As the DNC has stated, it fully intends to pay all obligations; although, its current financial situation precludes payment of all outstanding obligations at this time.

B. Other Matters

The General Counsel recommends that the Commission find no probable cause as to the DNC's transaction with Triplex Direct Marketing Corp. The DNC engaged Triplex Direct Marketing Corporation (Triplex) to "clean" its list of contributors so as to use it more effectively for mass mailings. Triplex reviewed over 800,000 names. The DNC received two invoices from Triplex: one dated January 16, 1978, in the amount of $77.43; the other dated March 27, 1978, in the amount of $2,344.58.

Apparently, in October 1979, when the then Deputy Treasurer of the DNC called a Triplex representative to inquire about two open invoices, Triplex advised that the invoices were no longer outstanding. Triplex reported that the DNC's list broker had paid both invoices out of rental income it had received on behalf of the DNC. In a letter confirming this information, dated November 1, 1979, Triplex advised the DNC to

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remove these obligations from its books. The General Counsel's Brief takes the position that this transaction was dispatched in a commercially reasonable manner.

The General Counsel makes no specific recommendation with respect to the other transactions that were part of the Commission's initial inquiry. One of those obligations is disputed. As for the rest, the DNC paid in full or corrected its accounts to reflect a zero balance for 15 of the obligations to 10 corporations that were outstanding at the time the Commission's staff completed its audit of the DNC. The DNC assumes that the General Counsel will not recommend that further action be taken with respect to these matters. To the extent that any of them may be of further concern, the DNC reserves the right to address them at that time.

IV. CONCLUSION

As decribed above, none of the transactions in MUR 1206 constitutes acceptance of a corporate contribution. The DNC, although constantly short of funds, has paid virtually two thirds of the obligations with which the Commission was concerned when instituting its investigation. When it did not pay promptly, in most instances the creditors sought payment. And the DNC did pay as it was able to do so. As for those still outstanding, the DNC has attempted unsuccessfully to verify most of the accounts. Unless the Commission has information from the creditors that constitutes verification, debt settlement procedures may be the most practicable course. In the future the DNC will follow debt

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[illegible] as to those accounts for which it cannot verify the amount of the obligation or locate the creditor.

Respectfully submitted,

Lynda S. Mounts

Ronald D. Eastman
Lynda S. Mounts
CADWALADER, WICKERSHAM & TAFT
Suite 700
1333 New Hampshire Avenue, N.W.
Washington, D. C. 20036

Counsel for the DNC Services Corporation, Inc.

May 18, 1982

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

David C. Johnson
Hilton Hotels Corporation
9880 Wilshire Boulevard
Beverly Hills, California 90210

RE: MUR 1206

Dear Mr. Johnson:

On January 13, 1981, the Commission found reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your client. The file will be made part of the public record within thirty days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any materials to appear on the public record, please do so within ten days.

The confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Sally W. Staebler
Ford Motor Company
The American Road
Dearborn, Michigan 48121

RE: MUR 1206

Dear Ms. Staebler:

On January 13, 1981, the Commission found reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your client. The file will be made part of the public record within thirty days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any materials to appear on the public record, please do so within ten days.

The confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

David T. Rich
The Sheraton Corporation
Sixty State Street
Boston, Massachusetts 02109

RE: MUR 1206

Dear Mr. Rich:

On January 13, 1981, the Commission found reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your client. The file will be made part of the public record within thirty days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any materials to appear on the public record, please do so within ten days.

The confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

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D

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Allen Russ
Box 278
743 Highway 18
East Brunswick, New Jersey 08816

RE: MUR 1206

Dear Mr. Russ:

On January 13, 1981, the Commission found reason to believe that your client, Ramada Inn, had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your client. The file will be made part of the public record within thirty days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any materials to appear on the public record, please do so within ten days.

The confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

E

8204034989

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Eugene L. Goodridge
Suite 405
1700 K Street, N.W.
Washington, D.C. 20006

RE: MUR 1206

Dear Mr. Goodridge:

On January 13, 1981, the Commission found reason to believe that your client, Action Surveys, Inc., had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your client. The file will be made part of the public record within thirty days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any materials to appear on the public record, please do so within ten days.

The confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

F

2040343900

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

David Sherman
General Electric Information
Services Company
401 North Washington Street
Rockville, Maryland 20850

RE: MUR 1206

Dear Mr. Sherman:

On January 13, 1981, the Commission found reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your client. The file will be made part of the public record within thirty days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any materials to appear on the public record, please do so within ten days.

The confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

8204031391

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Richard W. Lauricella
247 North Potomac Street
Hagerstown, Maryland 21740

RE: MUR 1206

Dear Mr. Lauricella:

On January 13, 1981, the Commission found reason to believe that your client, Word Process Services, Inc., had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your client. The file will be made part of the public record within thirty days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any materials to appear on the public record, please do so within ten days.

The confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Marjorie Kinkel, General Manager
Playboy Limousine, Inc.
1629 Twelfth Street
Santa Monica, California 90404

RE: MUR 1206

Dear Ms. Kinkel:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any materials to appear on the public record, please do so within ten days.

The confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Rod Goodwin, President
The Magus Corporation
1822 Pine Street
Philadelphia, Pennsylvania 19103

RE: MUR 1206

Dear Mr. Goodwin:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any materials to appear on the public record, please do so within ten days.

The confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

J

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Reuben B. Wheatley, President
Aero Virgin Islands Corporation
Harry S. Truman Airport
P.O. Box 546
St. Thomas, U.S. Virgin Islands 00801

RE: MUR 1206

Dear Mr. Wheatley:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any materials to appear on the public record, please do so within ten days.

The confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

K

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Total Audio Visual Service
590 Piedmont Avenue
Atlanta, Georgia 30308

RE: MUR 1206

Dear Sir or Madam:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any materials to appear on the public record, please do so within ten days.

The confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

8204034996

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Standard Typewriter and Equipment
1528 K Street, N.W.
Washington, D.C. 20005

RE: MUR 1206

Dear Sir or Madam:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any materials to appear on the public record, please do so within ten days.

The confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

m

8204039397

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Roper Organization
One Park Avenue
New York, New York 10016

RE: MUR 1206

Dear Sir or Madam:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any materials to appear on the public record, please do so within ten days.

The confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

N

8204039398

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Ms. Suanne Dixon
Hotel Copy Centers, Inc.
Sheraton Washington Branch
2660 Woodley Road, N.W.
Washington, D.C. 20008

RE: MUR 1206

Dear Ms. Dixon:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any materials to appear on the public record, please do so within ten days.

The confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

8204034999

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Action Research Interventions
Seven Morningto Lane
Cleveland, Ohio 44106

RE: MUR 1206

Dear Sir or Madam:

On January 13, 1981, the Commission found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file as it pertains to your corporation. The file will be made part of the public record within thirty days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any materials to appear on the public record, please do so within ten days.

The confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed.

If you have any questions, please direct them to Frances B. Hagan at (202) 523-4529.

Sincerely,

P

8204034400

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Triplex Direct Marketing
3135 Kerner Boulevard
San Rafael, California 94901

RE: MUR 1206

Dear Sir or Madam:

This is to advise you that after an investigation was conducted, the Commission concluded on , 1982, that there is no probable cause to believe that you violated the Act. Accordingly, the file in this matter, numbered MUR 1206, has been closed as it pertains to you. This matter will become part of the public record within thirty days, after it has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within ten days. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

If you have any questions, contact Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

0204034401

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Lynda S. Mounts, Esquire
Cadwalader, Wickersham and Taft
1333 New Hampshire Avenue, N.W.
Washington, D.C. 20036

RE: MUR 1206

Dear Ms. Mounts:

On , 1982, the Commission took the following action concerning your client:

1. Found probable cause to believe that the DNC Services Corp. violated 2 U.S.C. § 441b(a) in connection with five corporations: Action Research Interventions, Action Surveys, Inc., Aero Virgin Islands Corp., Ramada Inn and Total Audio Visual Services, Inc.

2. Found no probable cause to believe that the DNC Services Corp. violated 2 U.S.C. § 441b(a) in connection with Triplex Direct Marketing Corporation.

3. Determined to take no further action against the DNC Services Corp. concerning ten corporations: Waldorf Astoria, Roper Organization, Ford Motor Company, Hotel Copy Center, Inc., Playboy Limousines, Sheraton Park Hotel, Standard Typewriter and Equipment, Magus Corporation, Word Process Services, Inc., and General Electric.

[redacted]

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[redacted]

If you have any questions [redacted] please contact Frances S. Hagan, [illegible] is matter, at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

[redacted]

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In the Matter of)
)
DNC Services Corp.)
Waldorf Astoria Hotel)
Roper Organization)
Ford Motor Company)
Hotel Copy Centers, Inc.)
Playboy Limousine, Inc.) MUR 1206
Sheraton Park Hotel)
Standard Typewriter and)
Equipment)
Magus Corporation)
Action Research Interventions)
Ramada Inn)
Action Surveys, Inc.)
Aero Virgin Island Corp.)
Total Audio Visual Services, Inc.)
Word Process Services, Inc.)
General Electric)

CERTIFICATION

I, Marjorie W. Emmons, Recording Secretary for the Federal Election Commission Executive Session on April 20, 1982, do hereby certify that the Commission decided by a vote of 6-0 to defer action on the above-captioned matter until it can be considered in conjuntion with other related matters.

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

Attest:

4-22-82
Date

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

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In the Matter of)
)
DNC Services Corp.)
Waldorf Astoria Hotel)
Roper Organization)
Ford Motor Company)
Hotel Copy Centers, Inc.)
Playboy Limousine, Inc.)
Sheraton Park Hotel) MUR 1206
Standard Typewriter and)
Equipment)
Magus Corporation)
Action Research Interventions)
Ramada Inn)
Action Surveys, Inc.)
Aero Virgin Island Corp.)
Total Audio Visual Services, Inc.)
Word Process Services, Inc.)
General Electric)

CERTIFICATION

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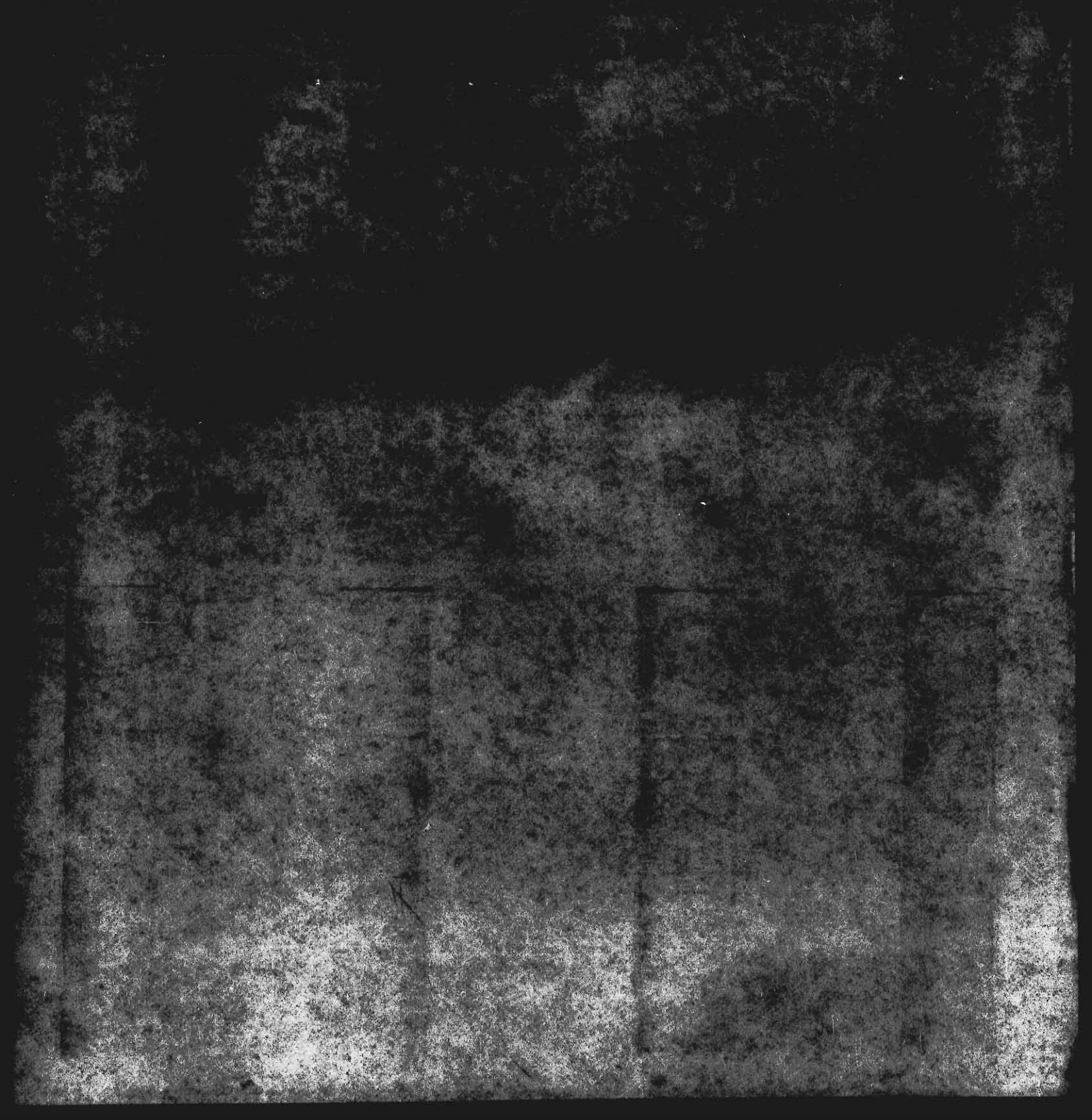
Commissioners Aikens, Elliott, Harris, McDonald, McGarry, and Reiche voted affirmatively for the decision.

Attest:

4-22-82
Date

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

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RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

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In the Matter of

DNC Services Corp.
Waldorf Astoria Hotel
Roper Organization
Ford Motor Company
Hotel Copy Centers, Inc.
Playboy Limousine, Inc.
Sheraton Park Hotel
Standard Typewriter and Equipment
Magus Corporation
Action Research Interventions
Ramada Inn
Action Surveys, Inc.
Aero Virgin Islands Corp.
Total Audio Visual Services, Inc.
Word Process Services, Inc.
General Electric

SENSITIVE

MUR 1284

GENERAL COUNSEL'S REPORT

On January 13, 1981, the Commission found reason to believe that the DNC Services Corporation, Inc. (DNCSC) received contributions from 16 corporations in violation of 2 U.S.C. § 441b(a). The findings arose from the Committee's receipt of extensions of credit from corporate vendors beyond a commercially reasonable time period and its failure to settle debts in a commercially reasonable manner. Current Commission regulations at 11 C.F.R. § 100.7(a)(4) state, "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect." (See also 11 C.F.R. former § 100.4(a)(6) which is nearly identical in wording). 11 C.F.R. § 100.7(a)(4) expands the definition of contribution to

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clarify the committee's responsibility as debtor: "a debt owed by a political committee which is forgiven or settled for less than the amount owed is a contribution unless such debt is settled in accordance with the standards set forth at 11 C.F.R. § 114.10." A debt to a corporate vendor which remains outstanding beyond a commercially reasonable period of time may be considered a contribution pursuant to the regulation's definitions. 2 U.S.C. § 441b(a) prohibits making or receiving corporate contributions in connection with a federal election.

Corporate extension of credit to a political committee is allowed under 11 C.F.R. § 114.10(a) provided that the credit is extended in the ordinary course of the corporation's business. A committee may settle with the vendor for less than the full amount of the debt pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review.

This investigation raises the question of how long a debt may remain unpaid until it becomes a contribution. Absent specific guidelines, the auditors referred to this Office the debts which were outstanding six months or longer. Six months is the time period used by the Federal Reserve and the Comptrolier of the Currency for writing off unpaid bank loans.

This Report contains the factual and legal analyses and recommendations for the DNCSC and 15 corporate respondents. Other violations concerning the DNCSC are addressed in a separate brief.

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Waldorf Astoria (Waldorf)

FEC auditors discovered two apparent DNCSC debts owed to the Waldorf. Counsel for the Waldorf, responding to the reason to believe notice, stated that the hotel does not retain records of this kind indefinitely. However, with invoices and correspondence obtained from the Committee's counsel, he explained the account transactions as the two parties understand it. The hotel and Committee agree as to the events surrounding these debts.

The hotel's counsel described the debt of $855.26 as a bill for individual room rentals and related services provided on October 27, 1976. Lacking specific billing directions, the hotel billed the DNC. In subsequent correspondence, the Committee disputed the billings as unauthorized expenses and suggested that the charges be directed to the Congressional Black Caucus. Apparently, the Caucus undertsood that the Committee for Jimmy Carter would pay the bills and seek reimbursement from the DNC. When the DNC disputed the charge, the Waldorf sought payment from the individuals. Failing this, the hotel eventually wrote off this debt as an individual account rather than a political debt. It appears that responsibility for payment was genuinely disputed, and the eventual write-off of $855.26 was the commercially reasonable resolution. No further action is indicated in this matter.

As to the debt of $524.84, the Waldorf's attorney states that the amount apparently represents the balance due from a banquet held at the hotel on June 24, 1977. Again, the hotel has

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not retained records to 1977 and the DNCSC has offered [illegible]. The debt was not paid from June 1977 until April 1980 when the Committee requested confirmation of outstanding debts. The Waldorf incorrectly advised the Committee that its outstanding debt totaled $479.58, which the Committee soon paid. However, the hotel discovered that the amount of $479.58 was actually due from another Democratic group. Both the Waldorf and the DNCSC now show a zero balance to the Committee's account. The hotel apparently intends to bill the Committee for the unpaid difference between the amount paid ($479.58) and the amount originally owed ($524.84).

Without available records, there is some question as to whether the hotel may have written off this old unpaid debt as it did the individual debts noted above. However, it appears that the hotel may now receive payment in full for its previously uncollected debt. There is no evidence that the Committee made any efforts to pay this debt prior to 1980. However, since the debt has been paid according to both parties, the Office of General Counsel would not pursue this matter. We are recommending that the Commission take no further action against the Waldorf or the DNCSC concerning this transaction.

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Roper Organization (Roper)

According to the Committee, it subscribed in 1977 to a Roper publication. The annual subscription rate of $6,500 was due quarterly in payments of $1,625. On December 19, 1977 and April 28, 1978, Roper billed the Committee for the overdue third and fourth quarter 1977 installments totaling $3,250. This

amount remained unpaid until paid in full on [illegible] ($1,250) and April 30, 1980 ($2,000).

Roper billed the Committee at least through April 1978. The vendor's reason to believe notice was returned and we are unable to locate this respondent. However, the vendor sought payment and the Committee eventually paid in full. Therefore, the Office of General Counsel recommends that the Commission take no further action against the DNCSC or Roper in this case.

Ford Motor Company (Ford)

The audit of the DNCSC revealed unpaid debts to Ford totaling $4,000 dated February 12, 1976 and August 25, 1976. Both the DNCSC and Ford provided information and records to document the account history.

The Committee states that the debt was incurred when it leased Ford vehicles for use during 1976 ($2,000 per six month period). The DNCSC provided bills and correspondence from Ford dating from the original invoices through August 1978. The Committee assured Ford verbally and in writing that the debt would be paid. More than three years later, on September 30, 1979, and January 31, 1980, the DNCSC paid the balance due.

Counsel for Ford denies the alleged violation, stating that Ford pursued the indebtedness and received payment in full. The attorney did not explain Ford's normal business practice regarding accounts receivable.

In this case, the corporation sought payment of the outstanding debt and the Committee eventually paid in full.

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Therefore, the Office of General Counsel recommends that the Commission take no further action against the Committee or Ford for a violation of 2 U.S.C. § 441b(a).

Hotel Copy Centers, Inc. (HCC)

FEC auditors found an outstanding debt of $339.41 from HCC for DNCSC photocopying dating to April 1977. Three years later, in April 1980, the Committee paid this bill. According to records provided by HCC, the company was a sole proprietorship until April 24, 1978, when it incorporated. Therefore, we find no violation of 2 U.S.C. § 441b(a) concerning this debt. However, the DNCSC noted an additional debt of $133.04 to HCC which was incurred on May 31, 1979, after the date of incorporation. The debt remained outstanding for nearly a year when it was paid in full in April 1980.

The Office of General Counsel recommends no further action against the Committee or HCC in this matter.

Playboy Limousine, Inc. (Playboy)

During the DNCSC audit, FEC auditors noted an outstanding debt of $402.98 due to Playboy Limousine. According to the Committee and Playboy, the debt dates to October 1977 when the vendor provided limousine service. Playboy's general manager states that the debt remained on their books while the company continued to bill the Committee. She stated that Playboy required cash or credit card payment for subsequent DNCSC service requests. Following the Committee's independent audit, on March 12, 1980, the DNCSC paid the debt in full.

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In this case, it appears that the vendor continuously sought payment for a bill outstanding nearly two and a half years. Finally, the Committee paid the debt in full. Therefore, we would not recommend further pursuit of this matter.

Sheraton Park Hotel (Sheraton)

The FEC audit of the DNCSC revealed a debt outstanding of $262.73 to the Sheraton dating to July 1978. Neither the Sheraton nor the DNCSC had available documents to confirm payment of this particular invoice. Both the hotel and Committee provided information concerning their view of this matter.

Committee counsel explained that the debt in question apparently relates to a meeting at the Hotel in June 1978. DNCSC records of that time show several checks issued to the hotel without accompanying documents which link them to a specific function. The Committee's comptroller also noted a 1979 refund from the Sheraton relating to another meeting. The DNCSC comptroller wrote off the 1978 debt reasoning that this account had been paid through payments to another DNCSC account. The Committee also believes that the hotel would not refund its account if an outstanding balance remained in any other DNCSC account.

The Sheraton attorney could not provide details of the exact situation, but explained the hotel's procedures with respect to political accounts. He stated that the Sheraton requires prepayment for political functions based on an estimate of services. However, subsequent billing may be required when

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unforseen services are added. Counsel stated that telephone calls and registered letters result when an account is not paid on time. Failure to obtain payment after 120 days would result in a write-off for so small an account. The Sheraton attorney and the hotel's controller assume that the account was handled in the ordinary course.

It is not clear, in this case, that payment was made to cover the debt of $262.73. It appears that no records exist which could verify settlement of the account. The Office of General Counsel cannot affirm that no violation occurred in this matter. However, we recommend that no further action be taken against either the DNCSC or the Sheraton Corporation.

Standard Typewriter and Equipment (Standard)

The auditors found a debt of $63 on Committee books from Standard Typewriter apparently incurred February 16, 1976. The Committee states that the bill represents the balance due on equipment rented in November 1976. Regardless of the discrepancy of dates incurred, the DNCSC carried the debt for four years without making payment. On February 6, 1980, the Committee sought confirmation of its balance due Standard. The vendor advised the Committee of a zero balance. Thereafter, the DNCSC expunged the debt from its books. The Committee conjectures that the debt was paid by the "unidentified source" who originally rented the equipment.

Standard apparently received the notice of reason to believe, but did not respond to it. After four years, Standard no

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longer carried this as a receivable and it is likely that the company wrote off a debt of $63.00.

Without the corporation's response, it is unknown whether Standard continued to bill the Committee for this debt. In addition, it cannot be determined if the bill was paid in full. However, the dollar amount involved does not warrant further pursuit of this matter with either party. Therefore, the Office of General Counsel recommends that no further action be taken against the Committee or the corporation.

The Magus Corporation (Magus)

During the audit, FEC auditors discovered a letter from Magus to the Committee seeking a final $10,000 installment on a $50,000 film production job. The letter noted that the vendor "took a loss due to [its] commitment to the President," but did not wish to absorb an additional $10,000. During the audit fieldwork, there was no evidence that the Committee paid the balance due.

Magus explained that the "loss" mentioned in its letter to the DNCSC referred to an internal miscalculation of costs which could not be recovered under the vendor's contract with the Committee. This explanation of the loss is documented with an internal Magus memorandum.

Magus sent the DNCSC the subject letter dated March 21, 1979, after consistently dunning the Committee for three months to obtain the $10,000 payment due December 1978. The Committee responded with payments of $2,000 paid monthly, April 1979 through

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August 1979. Magus states that it attempted to impose interest on late payments, but the contract did not clearly empower the vendor to do so.

The DNCSC did not make timely payment of the final contracted installment. In fact, $4,000 of the payment remained outstanding longer than six months. However, since the Committee eventually paid the debt in full, and the vendor sought payment from the Committee, we recommend that no further action be taken against the vendor or the DNCSC in this matter.

Action Research Interventions (ARI)

During 1976, ARI conducted training institutes in various cities for the DNCSC. The DNCSC submitted documents to this Office, including ARI statements of account, which show billings throughout 1976 and an unpaid balance on May 7, 1977, of $18,145.56. Following receipt of another ARI statement on July 9, 1977, the DNCSC internally established a payment schedule of $4,000 per month to be paid until the debt was liquidated. The DNCSC made three $4,000 payments (July, August and October 1977), then discontinued payment.

Nearly three years later in May 1980, the Committee sent ARI a check for $1,500 which was not cashed. In June 1980, the DNCSC received notice that ARI was no longer in business when the vendor's former president sought liquidation of the balance due. The DNCSC says it has not made further payments because it is "unclear" who owns the company and because the $1,500 check was never negotiated.

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With the corporation dissolved, and a limited number of documents available from the DNCSC, it is impossible to determine the extent of ARI's billings. It is apparent, however, that the vendor billed the Committee at regular intervals for at least 1 1/2 years. Because of the vendor's efforts to obtain payment, and since the corporation no longer exists, the Office of General Counsel would not pursue this matter further with the corporate respondent. We recommend that the Commission take no further action against Action Research Interventions concerning a violation of 2 U.S.C. § 441b(a).

Ramada Inn

According to documents obtained from counsel for the Ramada Inn and from DNCSC information, it appears that a client of the Carter-Mondale 1976 campaign arranged an election night party at a New Jersey Ramada Inn. Correspondence shows that the Inn made numerous attempts to collect the debt of $2,450 from the campaign client, the Carter-Mondale Campaign Committee, and the DNCSC. The Ramada Inn continued to seek payment through early 1979. The DNCSC officially assumed the debt on its books in August 1977, but made no effort to pay it.

It is evident from the documents reviewed that Ramada Inn made incessant demands for payment on this account without success. Because of the vendor's efforts to obtain payment, this Office recommends that no further action be taken against Ramada Inn concerning a violation of 2 U.S.C. § 441b(a).

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Action Surveys, Inc. (Action Surveys)

On August 22, 1977, Action Surveys billed the DNCSC in the amount of $485 for a one-time only survey job. The vendor states that it had no receivables control or summary ledger prior to October 15, 1978, and simply maintained statements in client files. When controls were introduced and only current billings were listed, the company could not determine whether old bills remained unpaid. Action Surveys asserts that "such a circumstance could not be repeated under current accounting practices and procedures in place..." The vendor states that the statute of limitations bars further pursuit of this debt.

For its part, the DNCSC made no payments on the bill. In January 1980, when the Committee requested confirmation of the outstanding account, Action Surveys could not account for the three year old debt. As a result, the DNCSC intends to expunge this item from its list of outstanding obligations.

It appears that the fledgling corporation's early recordkeeping procedures account for its failure to pursue the debt. Because the vendor has since established billing controls, but is apparently barred from collection attempts by the statute of limitations, the Office of General Counsel would not recommend further action against the corporation in this matter.

Aero Virgin Islands Corp. (Aero)

The DNCSC states that Aero billed the Committee on December 23, 1977, for transportation of DNCSC officials and others totaling $180.00. On January 30, 1980, the Committee

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requested confirmation of the outstanding amount, but received no reply. The DNCSC concludes that the applicable statute of limitations "may preclude collection" at this point, and the Committee intends to write the debt off its books.

Aero's president states that any failure to pursue collection was inadvertent and that no contribution was intended. He states that Aero is a small corporation whose accounts are "poor" due to accounting personnel turnovers.

It is evident that the vendor billed the DNCSC at least once for its services. The Committee failed to respond with payment. However, additional efforts at collection could prove costly for so small a debt and may be barred by the statute of limitations. Because of the age and relatively small amount of the debt, this Office recommends no further action against Aero in this matter.

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Total Audio Visual Services, Inc. (Total Audio)

Committee counsel states that Total Audio billed the Carter-Mondale headquarters on November 4, 1976, for the cost of a television set which was not returned after rental for an election night party. On November 30, 1976, the Committee assumed the debt pursuant to 2 U.S.C. § 441a(d). As part of its independent audit, the Committee wrote Total Audio in January 1980, requesting verification of its outstanding debt. The Committee received no response, but subsequently reached Total Audio by telephone. In April 1980, the vendor found no record of the more than three year old invoice. Based on the vendor's

failure to verify the account, the DNCSC proposes to delete the obligation from its books and its FEC reports.

This Office was unable to locate Total Audio by mail or telephone. However, it is apparent that Total Audio sent at least one invoice in the amount of $364 to the Committee. The Office of General Counsel recommends that no further action be taken against the corporation in this matter.

Word Process Services, Inc. (WPS)

The auditors found payment due on two Committee invoices from Word Process Services, Inc., a bill of $400 incurred January 13, 1977, and another of $166.05 incurred March 25, 1977. Both the Committee and WPS submitted information and affidavits which offer disputed versions of the account's history.

The Committee states that it received an invoice for $1,100 for maintenance of two word processing machines. The DNCSC noted payment of $700 on this account. Committee counsel stated that the DNCSC subsequently abandoned the machines before the contract expired because the processors were not working. Because WPS took one machine and did not return it, the Committee considered the account cleared.

As for WPS, its attorney maintains that its contract with the Committee included charges of $550 each for maintenance of two word processors (the Committee's 2/77 invoice of $1,100) and an additional charge of $166.05 for ribbons (3/77). WPS employees recall numerous telephone calls thereafter, seeking payment. In May 1977, the Committee paid $200. WPS president stated that the

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Committee paid $500 in August 1977 and the corporation ceased services. At this point, the Committee had paid $700, leaving debts outstanding of $400 on one invoice and $166.05 on another (the amounts revealed by FEC audit). WPS president stated that the company prorated the service contract ($1,100) over 12 months and determined that the amount outstanding closely approximated the cost of fulfilling the last six months of the DNCSC contract. Therefore, WPS halted service and nullified the remainder of the contract. WPS contends that it would have been too costly to further pursue the matter.

The Committee and WPS differ as to the circumstances surrounding cancellation of the contract. In the case of a disputed debt, the Office of General Counsel recommends that no further action be taken against the Committee or vendor concerning a violation of 2 U.S.C. § 441b(a).

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General Electric Corporation (GE)

FEC auditors found a debt outstanding to GE of $32,082.20 for computer services. Both the Committee and GE submitted copies of correspondence to document this long-standing disputed bill.

Our review of these documents indicates that in January 1978, the DNCSC indefinitely halted payment on the account until GE could justify its escalating monthly computer costs for fourth quarter 1977. Charges continued to mount without payment by the Committee until the balance reached $53,838.05 in June 1978. According to GE and Committee documents, the two parties agreed to settle the account. The amount outstanding was reduced by a

GE credit of $18,717 and further by a $5,000 Committee certificate of deposit which was pledged to the account. The Committee apparently agreed to pay $30,121.05 with additional monthly charges for archival storage. However, a change in DNCSC administration renewed the dispute. Memoranda indicate that GE managers determined this account could not be collected. In January 1979, GE canceled service to DNCSC, noting that the Committee owed $32,610.86 (11/77 - 11/78) plus additional monthly storage charges. A GE memo for record requests confirmation "that the concession will not be considered a contribution to the Democratic Party."

It is evident that the GE debt was seriously disputed by both sides. Attempts at settlement failed, leaving the DNCSC and GE at an impasse. Because the debt is clearly disputed, the Office of General Counsel recommends that the Commission take no further action against the DNCSC or GE in this matter.

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Recommendations

1. Take no further action against the DNC Services Corporation for the violation of 2 U.S.C. § 441b(a) concerning the following corporations:

   a) Waldorf Astoria
   b) Roper Organization
   c) Ford Motor Company
   d) Hotel Copy Center, Inc.
   e) Playboy Limousines
   f) Sheraton Park Hotel
   g) Standard Typewriter and Equipment
   h) Magus Corporation
   i) Word Process Services, Inc.
   j) General Electric

2. Take no further action against the Waldorf Astoria concerning the violation of 2 U.S.C. § 441b(a).

3. Take no further action against the Roper Organization concerning the violation of 2 U.S.C. § 441b(a).

4. Take no further action against the Ford Motor Company concerning the violation of 2 U.S.C. § 441b(a).

5. Take no further action against the Hotel Copy Center, Inc. concerning the violation of 2 U.S.C. § 441b(a).

6. Take no further action against Playboy Limousines, Inc. concerning the violation of 2 U.S.C. § 441b(a).

7. Take no further action against the Sheraton Park Hotel concerning the violation of 2 U.S.C. § 441b(a).

8. Take no further action against Standard Typewriter and Equipment concerning the violation of 2 U.S.C. § 441b(a).

9. Take no further action against the Magus Corporation concerning the violation of 2 U.S.C. § 441b(a).

10. Take no further action against Action Research Interventions concerning the violation of 2 U.S.C. § 441b(a).

11. Take no further action against the Ramada Inn concerning the violation of 2 U.S.C. § 441b(a).

12. Take no further action against Action Surveys, Inc. concerning the violation of 2 U.S.C. § 441b(a).

13. Take no further action against Aero Virgin Islands Corp. concerning the violation of 2 U.S.C. § 441b(a).

14. Take no further action against Total Audio Visual Services, Inc. concerning the violation of 2 U.S.C. § 441b(a).

15. Take no further action against Word Process Services, Inc. concerning the violation of 2 U.S.C. § 441b(a).

16. Take no further action against General Electric concerning the violation of 2 U.S.C. § 441b(a).

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17. Close the file in the matter of the above-named corporate respondents.

18. Send the attached letters.

Charles N. Steele
General Counsel

April 6, 1982
Date

BY: Kenneth A. Gross
Kenneth A. Gross
Associate General Counsel

Attachments
A - Committee response to reason to believe
15 letters to corporate respondents- B through P
Q - Letter to Lynda S. Mounts

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April 13, 1981

Charles N. Steele, Esq.
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1206

Dear Mr. Steele:

I. INTRODUCTION

On January 22, 1981, the Federal Election Commission (Commission) advised the DNC Services Corporation (DNC) that it had found reason to believe that the DNC may have violated § 441b(a) of the Federal Election Campaign Act (FECA) because it did not pay 20 debts to 15 corporations, totalling $54,254.79, between 1976 and 1978. (See Attachment A, a list of outstanding obligations at issue here.)* As we understand the General Counsel's report in this docket, your concern (and the Commission's) is that corporations may have extended credit to the DNC for "a length of time beyond normal business or trade practice" without making a commercially reasonable attempt to collect. See 11 C.F.R. § 100.7(a)(4).**

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* The Office of General Counsel provided Attachment A in response to a request from the DNC's counsel.

** Section 441b(a) prohibits corporate contributions. It also prohibits a political committee from knowingly accepting or receiving such contributions. As pertinent here, the Commission's regulations define "contribution" to include "the extension of credit by any person for a length of time beyond normal business or trade practice..., unless the creditor has made a commercially reasonable attempt to collect." 11 C.F.R. § 100.7(a)(4).

Attachment A (1)

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The General Counsel's report states that while the Office of General Counsel does not know each corporation's normal business practice for extensions of credit, it believes that extensions of two to five years are excessively long. The report also states that the DNC did not have evidence of vendor attempts to obtain payment. The Commission's auditors did not note any attempts by the DNC to pay, the creditors to collect, or the parties to seek settlements of the debts. According to the General Counsel's report, the corporations' failure to seek payment of the outstanding debts constitutes making corporate contributions, and the DNC's failure to make payments constitutes accepting corporate contributions.

None of the obligations listed on Attachment A constitutes a contribution. First, while the DNC is not aware of each corporation's credit practices, to the best of its knowledge each corporation initially extended credit in the ordinary course of business. The DNC is an ongoing institution with a practice of meeting its obligations; an extension of credit to the DNC therefore is commercially reasonable. In addition, despite the auditors' indications to the contrary, the DNC's files contain numerous letters from many of these creditors seeking payment. (See Appendix attached to this letter.) Moreover, there is no evidence that any of the corporations provided services to the DNC without intending to collect, or intending to aid a particular party in a federal election. Mere non-collection of a debt is not sufficient to prove a corporation has made a contribution to the DNC. See Miller v. AT&T, 507 F.2d 759 (3rd Cir. 1974).

On the DNC's part, it has taken commercially reasonable steps to satisfy each outstanding debt; although, it has been in a deficit position for over 12 years.*** Indeed, some of the items shown on Attachment A are in fact not DNC debts. Since the time that the Commission's auditors reviewed its records, the DNC has paid in full a number of the obligations at issue. Additionally, since the auditors' review, the DNC's Comptroller has corrected the DNC's records to show a zero balance for some acounts after receiving new information or deciding a correction was appropriate following review of the files. For a few accounts, the DNC unsuccessfully has tried to verify amounts outstanding, but has received no response from the creditors. As for the remaining obligations, unless the amounts are in dispute, the DNC will pay them as its finances permit. The DNC does not view debt settlement as appropriate in these cases, because it fully intends to pay its undisputed outstanding obligations as funds are available.

***In its most recent FEC report, for the period ending December 31, 1980, the DNC reported cash on hand of $411,143.00, with outstanding obligations of $1,045,345.18.

Attachment A (2)

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The following is an analysis of each obligation listed on Attachment A. As shown below, the DNC dealt with each transaction in a commercially reasonable manner; in no case did the DNC accept a prohibited contribution.

II. THE DNC DID NOT ACCEPT CORPORATE CONTRIBUTIONS IN VIOLATION OF THE FECA

A. Obligations Paid by the DNC.

Of the 20 debts to 15 corporations listed on Attachment A, the DNC has paid in full or corrected its accounts to reflect a zero balance for 14 of the obligations to 9 corporations that were outstanding at the time the Commission's staff completed its audit of the DNC. In each of these transactions, the DNC acted in a commercially reasonable manner and has no reason to believe the corporations failed to do the same.

1. Roper Organization, Inc.

In 1977, the DNC subscribed to Roper Reports, a publication of the Roper Organization (Roper). The annual subscription price was $6,500, payable in quarterly installments of $1,625. The DNC apparently paid the first installment in a timely manner. (Appendix at 1-2) The DNC's files show a bill for the second quarterly installment, dated August 26, 1977, which the DNC apparently paid in October, 1977. Subsequently, on April 28, 1978, Roper sent the DNC a statement for the fourth installment, as well as for the still outstanding third installment, billed on December 19, 1977. (Appendix at 3-4) The DNC paid this $3,250 obligation by two checks: one dated March 12, 1980, in the amount of $1,250; the other dated April 30, 1980, in the amount of $2,000. (Appendix at 5)

Both parties acted in a commercially reasonable manner. The DNC paid installments within its capacity to do so; Roper attempted to obtain payment of outstanding amounts; and the DNC paid in full when it was able to do so.

2. Ford Motor Company

The DNC leased vehicles from Ford Motor Company (Ford) for official DNC use. On February 12, 1976, Ford billed the DNC $2,000 for lease of vehicles during January 1 - June 30, 1976. On August 25, 1976, Ford billed the DNC another $2,000 for the period July 1 - December 31, 1976. On February 10,

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1977, Ford requested payment of an outstanding balance of $4,500, which Ford later corrected to $4,000. (Appendix at 6-7) On May 3, 1977, Ford again requested payment. (Appendix at 8) In response, on May 6, 1977, the DNC's Comptroller advised Ford that the DNC recognized the obligation and that while it was unable to pay at the time, it hoped to remit payment soon. (Appendix at 9) On August 25, 1978, Ford personnel spoke with the DNC's Comptroller about payment of the debt. The Comptroller advised Ford that the DNC would try to pay the amount due by the end of the year. (Appendix at 10) On September 30, 1979, the DNC paid Ford $2,000; on January 31, 1980, the DNC paid another $2,000, closing the account. (Appendix at 11)

Again, both parties acted in a commercially reasonable manner. Ford contacted the DNC several times; the DNC's Comptroller advised Ford that the DNC recognized the obligation and would pay as soon as it was able to do so. The DNC did pay this account in full at the beginning of 1980.

3. Hotel Copy Centers, Inc.

On April 5, 1977, Hotel Copy Centers, Inc. (Sheraton Park Branch) submitted an invoice in the amount of $339.41 to the DNC for "xeroxing for March 31, 1977." The DNC's files also contain an invoice dated May 31, 1979, for "xeroxing during conferences" in the amount of $133.04. On April 23, 1980, the DNC paid the full amount of $472.45 to close this account. (Appendix at 12)

The course of this transaction was commercially reasonable. The DNC has held numerous meetings at the Sheraton Park and regularly requires the services of the copying center located there. The DNC has always paid its obligations to Hotel Copy Center, as it did in this instance. Based on the course of dealings between the parties, the extension of credit was commercially reasonable.

4. Waldorf-Astoria

Attachment A shows outstanding invoices from the Waldorf-Astoria in the amounts of $855.26 (12/21/76) and $524.84 (8/12/77). The recitation of events described in the March 6, 1981 letter of counsel for the Hilton Hotels Corporation to the FEC explains the facts as the DNC understands them; the DNC will not duplicate that statement or the accompanying correspondence. Briefly, the DNC disputed responsibility for the $855.00 account, and the Waldorf apparently sought payment

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from the individuals involved. As to the account with the amount of $524.84 payable, the Waldorf apparently incorrectly advised the DNC on February 8, 1980, that it owed $479.58. The DNC promptly paid that amount on April 23, 1980. However, the Waldorf apparently made an error; the amount it reported to the DNC was due from the Democratic House-Senate Council. When the DNC paid this amount, the Waldorf-Astoria credited it to the wrong account. According to the hotel's counsel, it will now apply this payment to the DNC's account and bill the DNC for the difference.

The confusion regarding these invoices resulted from a dispute as to responsibility for the obligation and an accounting error. The accounts have been handled, on both sides, in a commercially reasonable manner; no contribution occurred. As of now, the DNC's records correctly report a zero balance for this account.

5. Playboy Limousine, Inc.

On October 31, 1977, Playboy Limousine, Inc. submitted an invoice to the DNC for $402.96. On February 2, 1980, in response to a January 30, 1980 letter from the DNC seeking verification of outstanding obligations in conjunction with an independent audit, Playboy Limousine confirmed the balance. On March 12, 1980, the DNC paid this account in full. (Appendix at 12)

6. Triplex Direct Marketing

The DNC engaged Triplex Direct Marketing Corporation (Triplex) to "clean" its list of contributors so as to use it more effectively for mass mailings. Triplex reviewed over 800,000 names. The DNC received two invoices from Triplex: one dated January 16, 1978, in the amount of $77.43; the other dated March 27, 1978, in the amount of $2,344.58.

Apparently, in October 1979, when the then Deputy Treasurer of the DNC called a Triplex representative to inquire about two open invoices, Triplex advised that the invoices were no longer outstanding. Triplex reported that the DNC's list broker had paid both invoices out of rental income it had received on behalf of the DNC. (Appendix at 13) In a letter confirming this information, dated November 1, 1979, Triplex advised the DNC to remove these obligations from its books. (Appendix at 14)

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7. Sheraton Park Hotel

The DNC files contain an undated statement from the Sheraton Park Hotel for $262.73. Apparently, the bill covered expenses for a DNC meeting on June 8 and 9, 1978. The DNC entered this amount on its books as a liability on July 18, 1978. In 1980, after reviewing the files, the DNC's Comptroller corrected the DNC's records to show a zero balance. She did so because the DNC's records showed several DNC checks issued to the hotel without documentation tying them to specific accounts, and DNC receipt of a refund check from the hotel in 1979 related to another meeting. In the Comptroller's judgment, the balance apparently was reduced through payment to other accounts. This would not be unusual because the DNC holds numerous functions at the Sheraton Park and the hotel normally credits payments against any outstanding accounts. Normally, the Sheraton Park would not send a refund check if the DNC had an outstanding balance in any account.

8. Standard Typewriter and Equipment

An occasional consultant to the DNC received an invoice from Standard Typewriter for a balance due of $63.00 for rental of some equipment in November 1976. An unidentified source sent the bill to the DNC. On February 6, 1980, in response to the DNC's inquiry as to whether there was a balance due in conjunction with an independent audit, Standard Typewriter advised that the DNC had a zero balance. (Appendix at 15) The DNC therefore corrected its records, believing it likely that the individual who had rented the equipment had paid the outstanding amount. When a company cannot confirm a balance and the bill is not made out to the DNC, the DNC's Comptroller considers it reasonable to handle the account as she did here.

9. Word Process Services, Inc.

Attachment A includes two invoices from Word Process Services, Inc. (WPS), one dated January 19, 1977, in the amount of $400 and one dated March 25, 1977, in the amount of $166. The DNC's files show that WPS sent the DNC an invoice dated January 13, 1977, in the amount of $1,100, for a maintenance contract for two word processing machines. The DNC paid $700. Subsequently, it had to abandon the machines prior to the expiration of the maintenance contract because they were not working. WPS took one machine to overhaul and never returned it. Under the circumstances, the DNC Comptroller considered the account cleared when WPS did not return the machine.

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B. Obligations Still Outstanding.

1. Action Research Interventions, Inc.

Attachment A shows a $6,007.31 obligation incurred on December 31, 1976. From March 3, 1976 through December 18, 1976, Action Research Interventions, Inc. (Action Research) sent the DNC invoices for conducting training institutes in various cities. On May 7, 1977, Action Research submitted a statement of account totalling $18,145.56. The DNC's Comptroller noted on this statement that the DNC should set up a payment schedule. (Appendix at 16) On a subsequent statement, dated July 9, 1977, the DNC's then Administrator advised the Comptroller to set up a payment schedule: $4,000 the week of July 11, and $4,000 per month until exhausted. (Appendix at 17) The DNC made payments of $4,000 on July 15, 1977 and August 3, 1977. (Appendix at 18) On August 29, 1977, Action Research submitted a bill for the balance, $10,145.55. (Appendix at 19) On October 26, 1977, the DNC issued a check to Action Research for $4,000 and on May 30, 1980 for $1,500, leaving $4,645.55 remaining due. (Appendix at 20) On June 25, 1980, the DNC received notification that Action Research was no longer in business, and that an individual, the former owner, had "taken over the concerns" of the company. He requested liquidation of the balance due. (Appendix at 21) The DNC has not made further payment because (1) it is not clear who owns the company and (2), Action Research never cashed the May 30, 1980 check for $1,500.

2. Total Audio Visual Services, Inc.

On November 4, 1976, Total Audio Visual Services, Inc. (Total Audio) issued an invoice in the amount of $364 to the Carter-Mondale Headquarters for the cost of a television set not returned after rental for a campaign victory party. The DNC apparently assumed the obligation as part of its § 441a(d) expenditures under the FECA on November 30, 1976. Total Audio did not respond to a January 30, 1980 letter from the DNC, in conjunction with an independent audit, requesting information as to whether there was an amount outstanding. (Appendix at 22) On April 16, 1980, the DNC's Comptroller called a Total Audio representative, who advised her that he had no record of the invoice. He said that he would contact the DNC if he found anything. (Appendix at 23) The Comptroller has not heard from him. She believes it is possible that the campaign committee paid this account. In any event, having been unable to verify this account, the DNC intends to write off this account and remove the obligation from its reports. The DNC's Comptroller believes this is a commercially reasonable way to treat this account.

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3. Action Surveys, Inc.

On August 22, 1977, the DNC received a bill from Action Surveys, Inc. (Action Surveys) in the amount of $485 for "Virginia Survey." On January 31, 1980, in response to a letter requesting confirmation of any outstanding balance, Action Surveys reported the DNC had a zero balance. (Appendix at 24) On April 30, 1980, the DNC called to inquire about this account. An Action Surveys representative advised he would check and call back. But, Action Surveys has not contacted the DNC since. Given these facts, the DNC intends to correct its records to reflect the zero balance reported and remove the obligation from its reports.

4. Aero-Virgin Islands Corp.

Aero-Virgin Islands Corp. (Aero) submitted an invoice to the DNC dated December 23, 1977. Apparently, the invoice covered transportation for DNC officials and employees, as well as the State Party Chair of the Virgin Islands. Aero did not respond to the DNC's request to confirm the outstanding balance. (Appendix at 25) In any event, the applicable statute of limitations may preclude collection. D.C. Ann. § 12-301(7). In due course, the DNC will write off this debt and remove it as an obligation on the DNC's reports.

5. Ramada Inn

Apparently, someone purporting to represent the 1976 Carter-Mondale campaign organized an election night party at a Ramada Inn in New Jersey. The bill, dated November 2, 1976, was in the amount of $2,818.20; Ramada Inn reduced it to $2,450 after contest of certain items. During 1977 the president of the Ramada Inn sought payment from the organizer of the party, the Carter-Mondale Campaign Committee, and the DNC. Also, his lawyer wrote a letter to President Carter on June 17, 1977, asking the President to help clear up the matter. On August 19, 1977, the DNC entered the amount on its books as a liability. The Ramada Inn has not contacted the DNC since that time.

The DNC is attempting to gather more information on this account. If the facts warrant, we will file a supplemental response on this account shortly.

6. General Electric

Attachment A includes an outstanding amount of $32,082.20 due to General Electric Company (G.E.), which the DNC apparently

incurred in December 1977. In response to a request to confirm the DNC's balance due, dated February 3, 1981, G.R. reported the outstanding balance is now $27,053.01. (Appendix at 26)

The DNC still is reviewing its files on this account. This effort has taken more time than we anticipated because none of the people involved in the transaction are still with the DNC. We intend to file a supplemental response on this account shortly.

III. OTHER MATTERS

Magus Corporation

The General Counsel's report indicates that the Magus Corporation (Magus) may have taken a loss on a contract for services. The report apparently refers to a letter, dated March 21, 1979, in which Magus' Production Director advised the DNC that it owed $10,000 on a film Magus produced for the DNC's 1978 Mid-term conference. The letter also stated that the company "took a loss" on the transaction. The DNC promptly paid the $10,000 obligation, in $2,000 installments, between April 11, 1979 and August 30, 1979. (Appendix at 27-29) The General Counsel's report apparently does not assert that the DNC accepted a contribution, and its prompt payment should leave no doubt. The DNC has no information on whether Magus took a loss on the contract, which had been the result of arms length negotiations.

IV. CONCLUSION

As described above, none of these transactions constitutes acceptance of a corporate contribution. The DNC, although constantly short of funds, has paid virtually two thirds of the obligations listed on Attachment A. When it did not pay promptly, in most instances the creditors sought payment. And the DNC did pay as it was able to do so. As for those still outstanding, the DNC has attempted unsuccessfully to verify some of the accounts. For the others, unless the amount is in dispute, the DNC will pay as its finances permit. Therefore, the Commission should take no further action in this matter.

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If you would like to discuss any of the matters raised in this response, please call us.

Sincerely,

Lynda S. Mounts

Ronald D. Eastman
Lynda S. Mounts

Counsel for DNC Services Corporation

Attachments

cc: Frances B. Hagan

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	VENDOR	DATE INCURRED	AMOUNT OUTSTANDING
1.	General Electric	12/77	$32,082.20
2.	Aero Virgin Island Corp.	1/31/78	180.00
3.	Triplex Direct Marketing	1/13/78	77.43
		4/28/78	2,344.58
4.	Roper Organization	12/12/77	1,625.00
		2/15/78	1,625.00
5.	Sheraton Park Hotel	7/18/78	262.73
6.	Standard Typewriter and Equipment	2/16/76	63.00
7.	Ford Motor Company	2/25/76	2,000.00
		9/8/76	2,000.00
8.	Total Audio-Visual Service	11/30/76	364.00
9.	Action Research Interventions	12/31/76	6,007.31
10.	Waldorf Astoria Hotel	12/31/76	855.26
		8/12/77	524.84
11.	Word Process Service, Inc.	1/19/77	400.00
		3/25/77	166.05
12.	Hotel Copy Center, Inc.	4/12/77	339.41
13.	Ramada Inn	8/19/77	2,450.00
14.	Action Survey, Inc.	9/9/77	485.00
15.	Playboy Limousine, Inc.	12/30/77	402.98
		Total	$54,254.79

ATTACHMENT A

A (11)

(12)

WASHINGTON PARTNERS

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PALM BEACH, FLA. 33480
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ROY ALBERT POWELL
RESIDENT PARTNER

May 8, 1981

Charles N. Steele, Esq.
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Re: MUR 1206

Dear Mr. Steele:

In our April 13, 1981 letter in the above referenced matter, we advised that we had not completed our inquiry into the amount outstanding to General Electric (G.E.). As we noted, we have had difficulty gathering information because none of the people involved in the transaction is still with the DNC.

Based on our inquiries, and the attached letters between G.E. and DNC personnel, it appears that there is a dispute as to this obligation. As far as anyone at the DNC is aware, the reporting system proposed by G.E. was never implemented, and substantial cost overruns occurred.

Further, it appears that the amount the Commission reported as an outstanding obligation has been reduced by $5,000 because G.E. cashed a $5,000 certificate of deposit that the DNC had provided as security. We will continue to review this matter and keep you advised of additional information.

Sincerely,

Lynda S. Mounts

Ronald D. Eastman
Lynda S. Mounts

Counsel for the Democratic
National Committee

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RDE/LSM/dw

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GCC # 7769

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of The DNC Services Corporation, Inc.	)	MUR 1206

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FEDERAL ELECTION COMMISSION
GENERAL COUNSEL
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BRIEF OF THE DNC SERVICES CORPORATION, INC.

Ronald D. Eastman
Lynda S. Mounts
CADWALADER, WICKERSHAM & TAFT
Suite 700
1333 New Hampshire Avenue, N. W.
Washington, D. C. 20036

Counsel for the DNC Services Corporation, Inc.

May 18, 1982

8204034037

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of The DNC Services Corporation, Inc.	MUR 1206

BRIEF OF THE DNC SERVICES CORPORATION, INC.

I. Introduction

On January 22, 1981, the Federal Election Commission (Commission) advised the DNC Services Corporation (DNC) that it had found reason to believe that the DNC may have violated § 441b(a) of the Federal Election Campaign Act (FECA) because it did not pay 21 debts to 16 corporations, totalling $54,254.79, between 1976 and 1978. (See Attachment A, provided by the Office of General Counsel.[1]) As we understood the General Counsel's report on the matter, his concern was that corporations may have extended credit to the DNC for "a length of time beyond normal business or trade practice" without making a commercially reasonable attempt to collect. See 11 C.F.R. § 100.7(a)(4).[2]

[1] In addition to the 15 corporations listed on Attachment A, the Commission questioned a transaction with the Magus Corporation.

[2] Section 441b(a) prohibits corporate contributions. It also prohibits a political committee from knowingly accepting or receiving such contributions. As pertinent here, the Commission's regulations define "contribution" to include "the extension of credit by any person for a length of time beyond

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According to the General Counsel's report, the corporations' failure to seek payment of the outstanding debts constitutes making corporate contributions, and the DNC's failure to make payments constitutes accepting corporate contributions.

On April 13, 1981 the DNC submitted its response urging the Commission to take no further action with respect to this matter. The DNC maintained that none of the obligations at issue constitutes a contribution. The DNC explained that the corporate extension of credit to an ongoing institution with a practice of meeting its obligations was commerically reasonable; that many of the creditors did seek payment; and that there is no evidence that any of the creditors intended to make a contribution to the DNC. Further, the DNC showed that it had taken commercially reasonable steps to satisfy each outstanding debt; although it has been in a deficit position for over thirteen years.3/ In fact, since the time that the Commission's auditors reviewed its records, the DNC has paid in full two thirds of the obligations at issue. As for virtually all of the remaining obligations, the DNC was unable to verify the amounts or they were in dispute.

On April 15, 1982, the DNC received the General Counsel's Brief, which recommends that the Commission find probable cause

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(footnote continued)

normal business or trade practice..., unless the creditor has made a commercially reasonable attempt to collect." 11 C.F.R. § 100.7(a)(4).

3/ In its most recent FEC report, for the period ending March 31, 1982, the DNC reported cash on hand of $612,698.16 with outstanding obligations of $1,913,657.51.

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to believe that the DNC violated 2 U.S.C. § 441b(a) in its transactions with the following five vendors: Action Research Interventions, Action Surveys, Inc., Aero-Virgin Islands Corporation, Ramada Inn, and Total Audio Visual Services, Inc. The General Counsel also recommends that the Commission find no probable cause to believe that the DNC violated 2 U.S.C. § 441b(a) concerning Triplex Direct Marketing.

Pursuant to § 111.16(c) of the Commission's regulations, the DNC hereby files it Brief to the Commission. Because the DNC did not accept unlawful contributions with respect to any of the matters raised in MUR 1206, the Commission should take no further action on these matters.

II. The DNC Did Not Accept Contributions In Violation Of The FECA.

A. Outstanding obligations

As noted, the General Counsel's Brief recommends that the Commission find probable cause with respect to five outstanding obligations. The facts are as follows.[4/]

1. Action Research Interventions, Inc.

Attachment A shows a $6,007.31 obligation incurred on December 31, 1976. From March 3, 1976 through December 18, 1976, Action Research Interventions, Inc. (Action Research) sent the DNC invoices for conducting training institutes in various cities. On May 7, 1977, Action Research submitted a statement of

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4/ Please refer to the Appendix to the DNC's letter of April 13, 1981, incorporated herein by reference, which documents the facts detailed in this portion of the Brief.

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account totalling $18,145.56. The DNC's then Comptroller noted on this statement that the DNC should set up a payment schedule. On a subsequent statement, dated July 9, 1977, the DNC's then Administrator advised the Comptroller to set up a payment schedule: $4,000 the week of July 11, and $4,000 per month until exhausted. The DNC made payments of $4,000 on July 15, 1977 and August 3, 1977. On August 29, 1977, Action Research submitted a bill for the balance, $10,145.55. On October 26, 1977, the DNC issued a check to Action Research for $4,000 and on May 30, 1980 for $1,500, leaving $4,645.55 remaining due. The May 30 check was never cashed. Moreover, on June 25, 1980, the DNC received notification that Action Research was no longer in business and that an individual, the former owner, had "taken over the concerns" of the company. He requested liquidation of the balance due. Accordingly, the DNC has not made further payment because there was no way to assure that any payment would be properly received and applied to the credit of the DNC.

2. Action Surveys, Inc.

On August 22, 1977, the DNC received a bill from Action Surveys, Inc. (Action Surveys) in the amount of $485 for "Virginia Survey." On January 31, 1980, in response to a letter requesting confirmation of any outstanding balance, Action Surveys reported the DNC had a zero balance. On April 30, 1980, the DNC called to inquire about this account. An Action Surveys representative advised he would check and call back. But, Action Surveys has not contacted the DNC since. The DNC has tried to verify the amount outstanding, but has been unable to do so.

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Unless the Commission has information that constitutes verification, the most practicable course may be to follow debt settlement procedures.

3. Aero-Virgin Islands Corp.

Aero-Virgin Islands Corp. (Aero) submitted an invoice to the DNC dated December 23, 1977. Apparently, the invoice covered transportation for DNC officials and employees, as well as the State Party Chair of the Virgin Islands. Aero did not respond to the DNC's request to confirm the outstanding balance. As with Action Surveys, debt settlement procedures may be appropriate.

4. Ramada Inn

Apparently, someone purporting to represent the 1976 Carter-Mondale campaign organized an election night party at a Ramada Inn in New Jersey. The bill, dated November 2, 1976, was in the amount of $2,818.20; Ramada Inn reduced it to $2,450 after contest of certain items. During 1977 the president of the Ramada Inn sought payment from the organizer of the party, the Carter-Mondale Campaign Committee, and the DNC. Also; his lawyer wrote a letter to President Carter on June 17, 1977, asking the President to help clear up the matter. On August 19, 1977, the DNC entered the amount on its books as a liability. The Ramada Inn has not contacted the DNC since that time. Upon further review of the file, the DNC has concluded that there is no evidence that this was a proper obligation of the DNC and placement of that amount on its books was in error.

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5. Total Audio Visual Services, Inc.

On November 4, 1976, Total Audio Visual Services, Inc. (Total Audio) issued an invoice in the amount of $364 to the Carter-Mondale Headquarters for the cost of a television set not returned after rental for a campaign victory party. The DNC apparently assumed the obligation as part of its § 441a(d) expenditures under the FECA on November 30, 1976. Total Audio did not respond to a January 30, 1980 letter form the DNC, in conjunction with an independent audit, requesting information as to whether there was an amount outstanding. On April 16, 1980, the DNC's then Comptroller called a Total Audio representative, who advised her that he had no record of the invoice. He said that he would contact the DNC if he found anything. The DNC has not heard from him. The former Comptroller believes it is possible that the campaign committee paid this account. In any event, having been unable to verify this account, the same procedure suggested for Action Surveys may be appropriate.

With respect to each of these accounts, the DNC has acted in a commercially reasonable manner. In several instances (Action Survey, Aero-Virgin Islands, Total Audio-Visual), the vendor failed to respond to a DNC inquiry seeking to confirm whether there was an outstanding obligation and in what amount. In another (Action Research), the vendor failed to cash the last check the DNC paid and there is some uncertainty as to who owns the company. It would not be reasonable for the DNC to make a payment if the vendor fails to verify or there is other uncertainty, when it has other obligations awaiting payment. In

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fact, as pointed out in our April 13, 1981 letter, the DNC paid in full ten of the obligations originally questioned by the Commission since the audit giving rise to this investigation.

Moreover, there is no evidence that any of the corporations provided services to the DNC without intending to collect, or intending to aid a particular party in a federal election. (See Miller v. AT&T, 507 F.2d 759(3rd Cir. 1974). Nor is there any evidence that the DNC intended to receive a contribution. As the DNC has stated, it fully intends to pay all obligations; although, its current financial situation precludes payment of all outstanding obligations at this time.

B. Other Matters

The General Counsel recommends that the Commission find no probable cause as to the DNC's transaction with Triplex Direct Marketing Corp. The DNC engaged Triplex Direct Marketing Corporation (Triplex) to "clean" its list of contributors so as to use it more effectively for mass mailings. Triplex reviewed over 800,000 names. The DNC received two invoices from Triplex: one dated January 16, 1978, in the amount of $77.43; the other dated March 27, 1978, in the amount of $2,344.58.

Apparently, in October 1979, when the then Deputy Treasurer of the DNC called a Triplex representative to inquire about two open invoices, Triplex advised that the invoices were no longer outstanding. Triplex reported that the DNC's list broker had paid both invoices out of rental income it had received on behalf of the DNC. In a letter confirming this information, dated November 1, 1979, Triplex advised the DNC to

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remove these obligations from its books. The General Counsel's Brief takes the position that this transaction was dispatched in a commercially reasonable manner.

The General Counsel makes no specific recommendation with respect to the other transactions that were part of the Commission's initial inquiry. One of those obligations is disputed. As for the rest, the DNC paid in full or corrected its accounts to reflect a zero balance for 15 of the obligations to 10 corporations that were outstanding at the time the Commission's staff completed its audit of the DNC. The DNC assumes that the General Counsel will not recommend that further action be taken with respect to these matters. To the extent that any of them may be of further concern, the DNC reserves the right to address them at that time.

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IV. CONCLUSION

As decribed above, none of the transactions in MUR 1206 constitutes acceptance of a corporate contribution. The DNC, although constantly short of funds, has paid virtually two thirds of the obligations with which the Commission was concerned when instituting its investigation. When it did not pay promptly, in most instances the creditors sought payment. And the DNC did pay as it was able to do so. As for those still outstanding, the DNC has attempted unsuccessfully to verify most of the accounts. Unless the Commission has information from the creditors that constitutes verification, debt settlement procedures may be the most practicable course. In the future the DNC will follow debt

settlement proceeds as to those accounts for which it cannot verify the amount of the obligation or locate the creditor.

Respectfully submitted,

Lynda S. Mounts

Ronald D. Eastman
Lynda S. Mounts
CADWALADER, WICKERSHAM & TAFT
Suite 700
1333 New Hampshire Avenue, N.W.
Washington, D. C. 20036

Counsel for the DNC Services Corporation, Inc.

May 18, 1982

6204034140446

Cadwalader, Wickersham & Taft
1333 New Hampshire Avenue, N.W. Washington, D.C. 20036

Charles N. Steele, Esq.
General Counsel
Federal Election Commission
7th floor
1325 K Street, N. W.
Washington, D. C.

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 27, 1982

Lynda S. Mounts, Esquire
Cadwalader, Wickersham and Taft
1333 New Hampshire Avenue, N.W.
Washington, D.C. 20036

RE: MUR 1206

Dear Ms. Mounts:

The Office of General Counsel has granted the extension you requested to respond to the General Counsel's Brief in the matter of the DNC Services Corp. (MUR 1206). Accordingly, we will expect your response by Tuesday, May 18, 1982.

If you have any questions regarding this matter, please contact Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

0204034040048

April 14, 1982

Charles N. Steele
General Counsel
Federal Election Commission
Washington, D. C. 20463

Re: MUR 1206

Dear Mr. Steele:

On April 15, 1982, my office received your letter and brief concerning the above-referenced matter. I am presently on maternity leave, and shall return to work on April 26, 1982. I am the only lawyer who is sufficiently familiar with this matter to prepare a response. Therefore, I request an extension of time until May 18, 1982 to file a responsive brief.

Thank you for your consideration in this matter.

Sincerely,

Lynda S. Mounts

Lynda S. Mounts
Counsel for DNC Services
Corporation, Inc.

cc: Frances B. Hagan

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GENERAL COUNSEL

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Cadwalader, Wickersham & Taft
1333 New Hampshire Avenue, N.W.
Washington, D.C. 20036

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Charles N. Steele
General Counsel
Federal Election Commission
Washington, D. C. 20463

Washington, D.C. 20036

April 14, 1982

Charles N. Steele
General Counsel
Federal Election Commission
Washington, D. C. 20463

Re: MUR 1206

Dear Mr. Steele:

On April 15, 1982, my office received your letter and brief concerning the above-referenced matter. I am presently on maternity leave, and shall return to work on April 26, 1982. I am the only lawyer who is sufficiently familiar with this matter to prepare a response. Therefore, I request an extension of time until May 18, 1982 to file a responsive brief.

Thank you for your consideration in this matter.

Sincerely,

Lynda S. Mounts

Lynda S. Mounts
Counsel for DNC Services
Corporation, Inc.

cc: Frances B. Hagan

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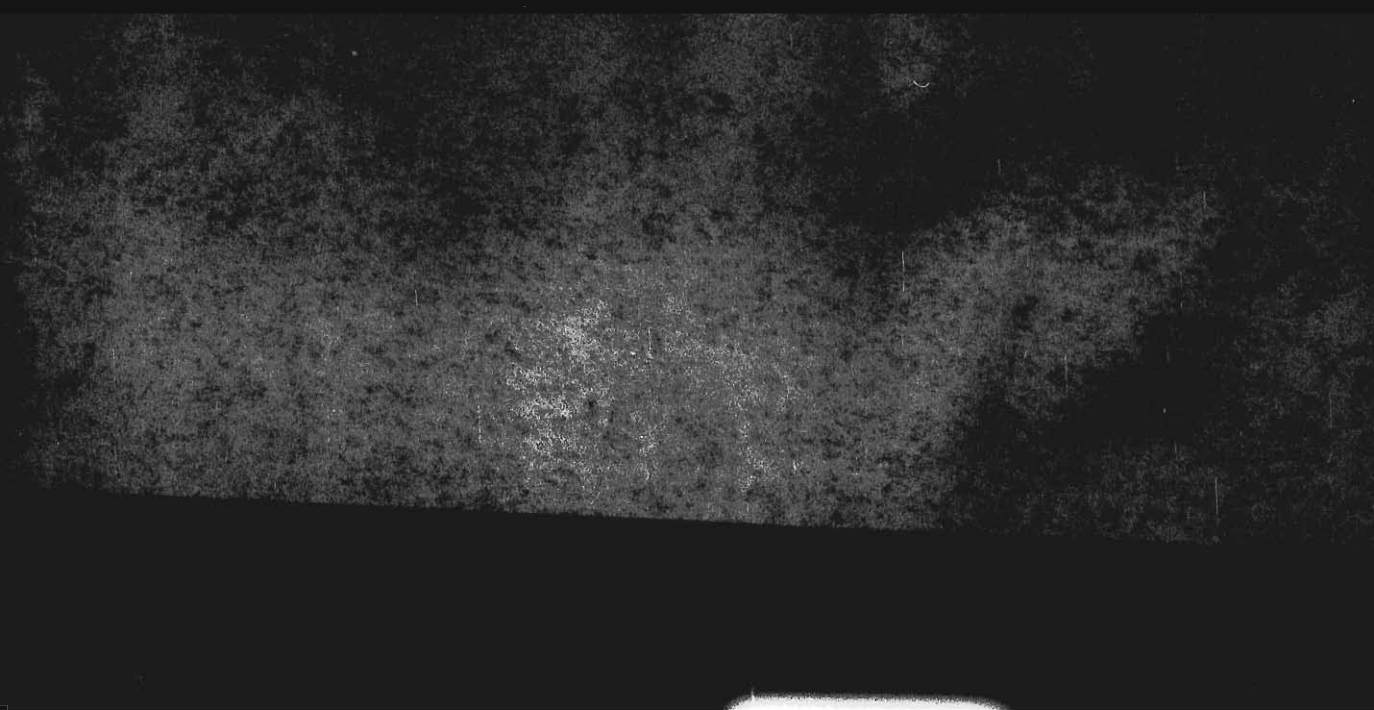
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Cadwalader, Wickersham & Taft
1333 New Hampshire Avenue, N.W.
Washington, D.C. 20036

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Frances B. Hagan
Federal Election Commission
Washington, D. C. 20463

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 8, 1982

Triplex Direct Marketing
3135 Kerner Boulevard
San Rafael, California 94901

RE: MUR 1206

Dear Sir or Madam:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on January 13, 1981, found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), and instituted an investigation in this matter.

After considering all the evidence available to the Commission, the Office of General Counsel is prepared to recommend that the Commission find no probable cause to believe that a violation has occurred.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of no probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within fifteen days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extensions beyond twenty days.

Page

Should you have any questions, please contact Frances E. Regan at (202) 523-5225.

Sincerely,

Charles M. Steele
General Counsel

BY: Andrea A. Gross
Associate General Counsel

Enclosure
Brief

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 8, 1982

Lynda S. Mounts
Cadwalader, Wickersham and Taft
1333 New Hampshire Avenue, N.W.
Washington, D.C. 20036

RE: MUR 1206

Dear Ms. Mounts:

Based on the information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on January 13, 1981, found reason to believe that your Committee had violated 2 U.S.C. § 441b(a) and instituted an investigation in this matter.

After considering all the evidence available to the Commission, the Office of General Counsel is prepared to recommend that the Commission find probable cause to believe against your client for violations relating to the following corporations: Action Research Interventions; Ramada Inn; Action Surveys; Aero Virgin Islands Corporation; and Total Audio Visual Services, Inc.

In addition, the Office of General Counsel will recommend that the Commission find no probable cause to believe that the Committee violated 2 U.S.C. § 441b(a) in the matter of the Triplex Direct Marketing Corporation.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

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If you are unable to file a responsive brief within fifteen days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extensions beyond twenty days.

A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety days to settle this matter through a conciliation agreement.

Should you have any questions, please contact Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosure
Brief

8204034057

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SENSITIVE

April 8, 1982

MEMORANDUM

TO : The Commission

FROM : Charles N. Steele
General Counsel

SUBJECT: MUR 1206

Attached for the Commission's review are briefs stating the position of the General Counsel on the legal and factual issues of the above-captioned matter. Copies of these briefs and letters notifying the respondents of the General Counsel's intent to recommend to the Commission findings of probable cause to believe and no probable cause were mailed on April 8, 1982. Following receipt of the Respondents' replies to this notice, this Office will make a further report to the Commission.

Attachments

1. Briefs
2. Letters to Respondents

8204034058

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 1206
The DNC Services)
Corporation, Inc.)

GENERAL COUNSEL'S BRIEF

On January 13, 1981, the Commission found reason to believe that the DNC Services Corporation, Inc. (DNCSC) received contributions from 16 corporations in violation of 2 U.S.C. § 441b(a). The findings arose from the Committee's receipt of extensions of credit from corporate vendors beyond a commercially reasonable time period and its failure to settle debts in a commercially reasonable manner. Current Commission regulations at 11 C.F.R. § 100.7(a)(4) state "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect." (See also 11 C.F.R. former § 100.4(a)(6) which is nearly identical in wording). 11 C.F.R. § 100.7(a)(4) expands the definition of contribution to clarify the Committee's responsibility as debtor: "A debt owed by a political committee which is forgiven or settled for less than the amount owed is a contribution unless such debt is settled in accordance with the standards set forth at 11 C.F.R. § 114.10." A debt to a corporate vendor which remains outstanding beyond a commercially reasonable period of time may be considered a contribution pursuant to the regulation's definitions. 2 U.S.C. § 441b(a) prohibits making or receiving corporate contributions in connection with a federal election.

Attachment A (1)

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Corporate extension of credit to a political committee is allowed under 11 C.F.R. § 114.10(a) provided that the credit is extended in the ordinary course of the corporation's business. A committee may settle with the vendor for less than the full amount of the debt pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review.

In its response to the reason to believe notification, the DNCSC asserts that none of the outstanding obligations in question constitutes a contribution to the Committee. Counsel for the DNCSC states that it is the Committee's practice to meet its obligations and that its efforts regarding these particular debts are no exception to that policy. The DNCSC offers three reasons for bills remaining unpaid for two to five years: (1) the creditor has not verified the amount outstanding; (2) the amounts are disputed; or (3) adequate funds are not available. Because its stated intention is to pay the debts in full, the DNCSC does not consider debt settlement an appropriate means of resolution.

In the following summaries, the Office of General Counsel analyzes the stated positions of the DNCSC and specific creditors. The analyses provide factual and legal conclusions concerning the DNCSC based on our review of information from the Committee and corporate respondents.

Action Research Interventions (ARI)

During 1976, ARI conducted training institutes in various cities for the DNCSC. The DNCSC submitted documents to this

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Office, including ARI statements of account, which show billings throughout 1976 and an unpaid balance on May 7, 1977, of $18,145.56. Following receipt of another ARI statement on July 9, 1977, the DNCSC internally established a payment schedule of $4,000 per month to be paid until the debt was liquidated. The DNCSC made three $4,000 payments (July, August and October 1977), then discontinued payment.

Nearly three years later in May 1980, the Committee sent ARI a check for $1,500 which was not cashed. In June 1980, the DNCSC received notice that ARI was no longer in business when the vendor's former president sought liquidation of the balance due. The DNCSC says it has not made further payments because it is "unclear" who owns the company and because the $1,500 check was never negotiated.

With the corporation dissolved, and a limited number of documents available from the DNCSC, it is impossible to determine the extent of ARI's billings. It is apparent, however, that the vendor billed the Committee at regular intervals for at least 1 1/2 years. The DNCSC payments on the ARI account may mitigate future Commission action. However, the Committee's inability to liquidate a debt four years after incurring such debt does not vitiate the violation of 2 U.S.C. § 441b(a). Therefore, we would recommend that the Commission find probable cause to believe that the DNCSC violated 2 U.S.C. § 441b(a) in the amount of the remaining debt.

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Ramada Inn

According to documents obtained from counsel for the Ramada Inn and from DNCSC information, it appears that a client of the Carter-Mondale 1976 campaign arranged an election night party at a New Jersey Ramada Inn. Correspondence shows that the Inn made numerous attempts to collect the debt of $2,450 from the campaign client, the Carter-Mondale Campaign Committee, and the DNCSC. The Ramada Inn continued to seek payment through early 1979. The DNCSC officially assumed the debt on its books in August 1977, but made no effort to pay it. In its response to the reason to believe notice, the DNCSC stated that it would supply additional information "if the facts warrant." We have received no further response regarding this debt.

It is evident that the Committee accepted liability for this debt and did not pay it despite incessant demands by Ramada Inn. The Committee's failure to pay or settle the debt in a commercially reasonable manner according to 11 C.F.R. § 114.10 constitutes receipt of a contribution (11 C.F.R. § 100.7(a)(4)) from the corporate vendor. Therefore, the Office of General Counsel recommends a finding of probable cause to believe against the DNCSC for the violation of 2 U.S.C. § 441b(a) in this matter.

Action Surveys, Inc. (Action Surveys)

On August 22, 1977, Action Surveys billed the DNCSC in the amount of $485 for a one-time only survey job. The vendor states that it had no receivables control or summary ledger prior to

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October 15, 1978, and simply maintained statements in client files. When controls were introduced and only current billings were listed, the company could not determine whether old bills remained unpaid. Action Surveys asserts that "such a circumstance could not be repeated under current accounting practices and procedures in place..." The vendor states that the Statute of Limitations bars further pursuit of this debt.

For its part, the DNCSC made no payments on the bill. In January 1980, when the Committee requested confirmation of the outstanding account, Action Surveys could not account for the three year old debt. As a result, the DNCSC intends to expunge this item from its list of outstanding obligations.

The regulations state that a debt may be settled if the debt has been treated in a commercially reasonable manner. 11 C.F.R. § 114.10(c). The settlement may be considered commercially reasonable if, in part, the political committee has undertaken all commercially reasonable efforts to satisfy the outstanding debt." 11 C.F.R. § 114.10(c)(2). The Committee's failure to pay this debt cannot be construed as commercially reasonable. The Committee's receipt of credit without payment beyond the normal business practice and its failure to settle the debt in a commercially reasonable manner constitute receipt of a contribution from the corporate vendor. 11 C.F.R. § 100.7(a)(4). The receipt of corporate contributions is prohibited by 2 U.S.C. § 441b(a). Therefore, we are recommending a finding of probable cause to believe against the DNCSC in this matter.

A (5)

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Aero Virgin Islands Corp. (Aero)

The DNCSC states that Aero billed the Committee on December 23, 1977, for transportation of DNCSC officials and others totaling $180.00. On January 30, 1980, the Committee requested confirmation of the outstanding amount, but received no reply. The DNCSC concludes that the applicable Statute of Limitations "may preclude collection" at this point, and the Committee intends to write the debt off its books.

Aero's president states that any failure to pursue collection was inadvertent and that no contribution was intended. He states that Aero is a small corporation whose accounts are "poor" due to accounting personnel turnovers.

It is evident that the vendor billed the DNCSC at least once for its services. The Committee failed to respond with payment. An extension of credit for longer than two years and the failure to settle the debt in a commercially reasonable fashion may be viewed as a contribution under the regulation's definition. 11 C.F.R. § 100.7(a)(4). Receipt of corporate contributions in connection with a federal election is prohibited by 2 U.S.C. § 441b(a). Therefore, we are recommending that the Commission find probable cause to believe that the DNCSC violated 2 U.S.C. § 441b(a) in this matter.

Total Audio Visual Services, Inc. (Total Audio)

Committee counsel states that Total Audio billed the Carter-Mondale headquarters on November 4, 1976, for the cost of a television set which was not returned after rental for an

election night party. On November 30, 1976, the Committee assumed the debt pursuant to 2 U.S.C. § 441a(d). As part of its independent audit, the Committee wrote Total Audio in January 1980, requesting verification of its outstanding debt. The Committee received no response, but subsequently reached Total Audio by telephone. In April 1980, the vendor found no record of the more than three year old invoice. Based on the vendor's failure to verify the account, the DNCSC proposes to delete the obligation from its books and its FEC reports.

This Office was unable to locate Total Audio by mail or telephone. However, it is apparent that Total Audio sent at least one invoice in the amount of $364 to the Committee. The DNCSC apparently failed to pay the bill.

The regulations allow settlement of a debt for less than full value provided the political committee has undertaken all commercially reasonable efforts to satisfy the outstanding debt. 11 C.F.R. § 114.10(c) and (c)(2). The Committee's failure to make payment on this debt during three years cannot be viewed as commercially reasonable. The Committee's failure to settle the debt in a commercially reasonable manner constitutes receipt of a contribution from the corporate vendor. 11 C.F.R. § 100.7(a)(4). Corporate contributions are prohibited by 2 U.S.C. § 441b(a). Therefore, we are recommending that the Commission find probable cause to believe that the DNCSC violated 2 U.S.C. § 441b(a) in this matter.

A(7)

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Triplex Direct Marketing Corp. (Triplex)

According to the DNCSC, it hired Triplex to screen its mailing list to effect more efficient use. On January 16, 1978, and March 27, 1978, Triplex billed the Committee for amounts totaling $2,422.01.

In October 1979, the DNCSC asked the vendor about the open invoices. Triplex confirmed that the Committee's list broker had paid both invoices from DNCSC list rental income. The Committee provided a copy of the Triplex confirmation letter as the vendor did not receive its reason to believe notice.

This evidence indicates that the billing and payment procedures of these transactions were dispatched in a commercially reasonable manner. Therefore, the Office of General Counsel concludes that no violation of 2 U.S.C. § 441b(a) occurred in this case.

Recommendations

1. Find probable cause to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a) concerning the following vendors:
   a) Action Research Interventions
   b) Ramada Inn
   c) Action Surveys, Inc.
   d) Aero Virgin Islands Corporation
   e) Total Audio Visual Services, Inc.

2. Find no probable cause to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a) concerning Triplex Direct Marketing Corporation.

Charles N. Steele
General Counsel

April 6, 1982
Date

BY: Kenneth A. Gross
Kenneth A. Gross
Associate General Counsel

A(8)

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2040344067

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 8, 1982

Lynda S. Mounts
Cadwalader, Wickersham and Taft
1333 New Hampshire Avenue, N.W.
Washington, D.C. 20036

RE: MUR 1206

Dear Ms. Mounts:

Based on the information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on January 13, 1981, found reason to believe that your Committee had violated 2 U.S.C. § 441b(a) and instituted an investigation in this matter.

After considering all the evidence available to the Commission, the Office of General Counsel is prepared to recommend that the Commission find probable cause to believe against your client for violations relating to the following corporations: Action Research Interventions; Ramada Inn; Action Surveys; Aero Virgin Islands Corporation; and Total Audio Visual Services, Inc.

In addition, the Office of General Counsel will recommend that the Commission find no probable cause to believe that the Committee violated 2 U.S.C. § 441b(a) in the matter of the Triplex Direct Marketing Corporation.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within fifteen days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extensions beyond twenty days.

A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety days to settle this matter through a conciliation agreement.

Should you have any questions, please contact Frances B. Hagan at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosure
Brief

8204034068

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 1206
Triplex Direct)
Marketing Corporation)

GENERAL COUNSEL'S BRIEF

On January 13, 1981, the Commission found reason to believe that the Triplex Direct Marketing Corporation (Triplex) made a contribution to the DNC Services Corporation, Inc. (DNCSC) in violation of 2 U.S.C. § 441b(a). The finding arose through the extension of credit by the corporate vendor beyond a commercially reasonable time period and the DNC's failure to settle debts in a commercially reasonable manner. Current Commission regulations at 11 C.F.R. § 100.7(a)(4) state "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect." (See also 11 C.F.R. former § 100.4(a)(6) which is nearly identical in wording). 11 C.F.R. § 100.7(a)(4) expands the definition of contribution to clarify the Committee's responsibility as debtor: "A debt owed by a political committee which is forgiven or settled for less than the amount owed is a contribution unless such debt is settled in accordance with the standards set forth at 11 C.F.R. § 114.10." 2 U.S.C. § 441b(a) prohibits making or receiving corporate contributions in connection with a federal election.

Attachment C(1)

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Corporate extensions of credit to a political committee are allowed under 11 C.F.R. § 114.10(a) provided that the credit is extended in the ordinary course of the corporation's business. A committee may settle with the vendor for less than the full amount of the debt pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Triplex corporation's notice of a reason to believe finding was returned from the only available address. However, according to the DNCSC response, it hired Triplex to screen its mailing list to effect more efficient use. On January 16, 1978, and March 27, 1978, Triplex billed the Committee for its services in amounts totaling $2,422.01.

In October 1979, as part of its independent audit, the DNCSC contacted the vendor regarding the open invoices. Triplex confirmed that the Committee's list broker had paid both invoices from DNCSC list rental income. The Committee provided a copy of the Triplex confirmation letter which verified that the account had been paid in full.

This evidence indicates that the billing and payment procedures of these transactions were dispatched in a commercially reasonable manner. Therefore, the Office of General Counsel concludes that no violation of 2 U.S.C. § 441b(a) occurred in this case.

C (2)

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Recommendations:

1. Find no probable cause to believe that the Triplex Direct Marketing Corporation violated 2 U.S.C. § 441b(a).

2. Close the file as it relates to the Triplex Directing Marketing Corporation.

Charles N. Steele
General Counsel

April 6, 1992
Date

BY: Kenneth A. Gross
Kenneth A. Gross
Associate General Counsel

8204034071

C(3)

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 8, 1982

Triplex Direct Marketing
3135 Kerner Boulevard
San Rafael, California 94901

RE: MUR 1206

Dear Sir or Madam:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on January 13, 1981, found reason to believe that your corporation had violated 2 U.S.C. § 441b(a), and instituted an investigation in this matter.

After considering all the evidence available to the Commission, the Office of General Counsel is prepared to recommend that the Commission find no probable cause to believe that a violation has occurred.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of no probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within fifteen days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extensions beyond twenty days.

Attachment D (1)

2040340072

[redacted]

Sincerely,

[redacted]
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosure
Brief

8204034073

D(2)

5204034074

May 8, 1981

Charles N. Steele, Esq.
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Re: MUR 1206

Dear Mr. Steele:

In our April 13, 1981 letter in the above referenced matter, we advised that we had not completed our inquiry into the amount outstanding to General Electric (G.E.). As we noted, we have had difficulty gathering information because none of the people involved in the transaction is still with the DNC.

Based on our inquiries, and the attached letters between G.E. and DNC personnel, it appears that there is a dispute as to this obligation. As far as anyone at the DNC is aware, the reporting system proposed by G.E. was never implemented, and substantial cost overruns occurred.

Further, it appears that the amount the Commission reported as an outstanding obligation has been reduced by $5,000 because G.E. cashed a $5,000 certificate of deposit that the DNC had provided as security. We will continue to review this matter and keep you advised of additional information.

Sincerely,

Lynda S. Mounts

Ronald D. Eastman
Lynda S. Mounts

Counsel for the Democratic
National Committee

RDE/LSM/dw

RECEIVED
FEDERAL ELECTION COMMISSION
GENERAL COUNSEL
81 MAY 8 P3:58

GENERAL ELECTRIC

INFORMATION SERVICES

GENERAL ELECTRIC COMPANY, 1050 17TH ST., SUITE 480, WASHINGTON, D.C. 20036
Phone (202) 223-6565

January 31, 1978

Mr. Joel McCleary
Treasurer
Democratic National Committee
1625 Massachusetts Avenue, N.W.
Washington, D. C. 20036

Dear Mr. McCleary:

Over the past two months, there has been considerable discussion about the Contribution & Reporting System that is currently operational on the General Electric Information Services MARK III International Remote Computing Network. On Thursday, January 26, Mr. James W. Spencer, Southeast Region Manager of General Electric Information Services and I met with Mr. Richard Harden to review this situation. The purpose of this letter is to provide you with a review of that meeting as well as:

- Provide an understanding of why the past costs have exceeded the original estimates,
- Recommend a future operating methodology and an updated cost estimate,
- Summarize the benefits of the CARS System.

PAST SITUATION:

GE Information Services originally proposed the development of the CARS System at no personnel cost for programming. Between September 1 and November 15, GE Information Services was actively involved in the actual computer utilization development part of the CARS System. Between November 15 and the present, the Democratic National Committee has been actively involved in the conversion, loading and clean up of the original data base as well as generating valuable operational reports. Our original estimates of developmental time and cost were considerably exceeded due to many technical, operational and administrative factors. Our assessment of responsibility for these costs are as follows:

	GE Development	DNC Processing
October	$ 8,404	$ 1,722
November	4,469	8,220
December	5,844	12,699
	$18,717	$22,641

GRAND TOTAL - $41,358

In addition, the estimated processing for January is $10,000. The main reason that the on-going processing costs are high is that the DNC has been using the system differently than was originally specified, and this is evidenced by the December and January processing. For example:

12/6/77	--	$600	- Ad Hoc inquiries and reporting
12/7/77	--	$110	- (9 updates and Ad Hoc reports)
		140	- (Ad Hoc inquiries and reports)
		$250	
12/8/77	--	$130	- (17 updates)
		295	- (11 updates, 12 Ad Hoc inquiries)
		$425	
12/28/77	--	$165	- (15 updates)
		232	- (Ad Hoc inquiry and reports)
		$397	
1/4/78	--	$ 1	- (Update)
		127	- (Ad Hoc reports)
		$128	
1/5/78	--	$ 11.70	-- (Updates)
		314.30	- (Ad Hoc Reports)
		$326.00	

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It is our opinion that the reasons for the cost overruns on this project have been due to low initial estimates for the development processing in terms of cost and time, project management difficulties on the part of General Electric, and thirdly, the changed use of the system by the Democratic National Committee from original specifications.

Mr. Spencer and Mr. Harden agreed that a settlement on the original developmental costs would be resolved and they would negotiate that settlement.

It is our opinion that the operating costs currently being experienced by the DNC for the use of the CARS System are not reflective of the costs if the system were used as proposed. Therefore, we make the following recommendations:

- General Electric Information Services is prepared to instruct the Democratic National Committee on operational use of CARS as it was originally proposed. This training will include an in depth review of the existing operations guide with the members of your staff.

- General Electric Information Services will also prepare a well-documented efficiencies guide that will, on a step-by-step basis, instruct the Democratic National Committee how to use MARK III Services and the CARS System in the most cost effective manner.

- General Electric Information Services will assist the Democratic National Committee in establishing CARS usage monitoring procedures.

The net result should reduce the monthly operating costs to $3,500 to $4,000 based upon a file size of 2,200 records and no Ad Hoc reporting. General Electric Information Services and Arthur Andersen & Company feel that these costs might further be reduced to $2,700 to $3,500 a month if large production-run reports are run once per month instead of twice a month on a deferred output basis.

FUTURE OPTIONS:

- The operational costs could range from a low of $2,700 per month based on a current data base of 2,200 records to a high of $5,000 a month based on 5,000 records (excluding Ad Hoc reporting) if the following efficiencies are adopted:

  1. Update once a day on an over-night basis with over-night processing to achieve significant cost savings.

  2. Process production runs on an over-night basis to achieve significant cost savings.

  General Electric Information Services recommends that the Democratic National Committee implement the above cost savings procedures prior to further processing.

- The DNC may opt to have the General Electric Custom Applications Organization evaluate the current system with the thought of rewriting CARS as a remote batch system. CAO would provide a conversion cost estimate as well as operational estimates. The DNC could then weigh the impact on cost, flexibility and convenience between on-line and remote batch approaches to processing.

BENEFITS OF DNC CONTRIBUTION ACCOUNTING & REPORTING SYSTEM

General Electric Information Services perceives the following benefits of the CARS System as they relate to the DNC:

- CARS provides the ability to track contributions to effect a smooth and reliable inflow of contributions to the DNC.

- CARS maintains detailed background information and contribution histories on all contributors to the National Finance Council.

C 2 0 4 0 3 1 4 0 7 7

- CARS provides reports necessary to properly administer the NPC contribution program.
- CARS maintains timely information on contributors.
- CARS is modularly designed to afford expansion of the system with minimal effort and cost.
- CARS could significantly reduce clerical effort (1 person half-time, estimated by Arthur Andersen & Company, to maintain the system).
- CARS provides for Ad Hoc inquiry and virtually unlimited selection criteria.
- CARS is user oriented.

In summary, General Electric Information Services and members of the Democratic National Committee and Arthur Andersen and Company believe that the DNC can continue to realize the aforementioned benefits of the CARS System at a resonable cost when our efficiencies recommendations are adopted. We would appreciate your continued support of this project and look forward to a long and mutually beneficial business relationship.

Cordially,

William P. Booth

William P. Booth
Manager, Capital Sales Branch

WPB:dla

cc: R. Harden
S. Berman
J. Lambert

GENERAL ELECTRIC COMPANY . . . . . 401 N. WASHINGTON STREET
ROCKVILLE, MARYLAND 20850 Phone (301) 340-4000

June 21, 1978

Mr. J. D. Nelson
Democratic National Committee
1625 Massachusetts Avenue, N.W.
Washington, D.C. 20036

Subject: COMPUTER TIME-SHARING ACCOUNT #48037
Balance Due = $52,815.00

Dear Mr. Nelson:

I am writing you this letter in an attempt to expedite the resolution of the problems which are preventing payment of the subject amount. John White advised Jim Spencer (Manager of our Southern Region) that you are the individual within the Democratic National Committee who has been assigned responsibility for attempting to solve these problems. Bill Booth (our local Capital District Manager), as the result of Jim Spencer's instructions, contacted you in order to set up a meeting at which time a settlement could be negotiated. Bill advised me that several attempts by him to establish a meeting with you have been unsuccessful. I have no doubt that a major contributing factor to this delay has been the busy schedule of all parties concerned. However, I am sure you can understand our concern when you consider the balance shown above represents invoices dated from October, 1977 through May, 1978, and the balance is increasing monthly by $1,023 due to program storage charges.

I sincerely hope you will agree with me that it is important a meeting between the Democratic National Committee and General Electric Company be held as soon as possible. Please accept this letter as General Electric Company's request that a meeting with all interested parties in attendance be held prior to June 30, 1978. In addition to resolution of the subject amount, we request that you be prepared to review the attached $5,000 Certificate of Deposit which you have assigned to the General Electric Company. Upon receipt of this letter, please contact me directly to establish a date for the meeting.

Very truly yours,

J. A. Hanson, Manager
Credit and Collection

JAH/nsl
Attachments
cc W. P. Booth
E. Dobelle
R. Harden
C. M. Harp
L. B. Ramer
J. W. Spencer
J. C. White

WORLD LEADER IN INFORMATION SERVICES

8204034079

GENERAL ELECTRIC

INFORMATION SERVICES BUSINESS DIVISION

MAIL REMITTANCE TO:
GENERAL ELECTRIC COMPANY
INFORMATION SERVICES DIVISION
P.O. BOX 15509
BALTIMORE, MARYLAND 21263

DATE MAY 31, 1978
PAGE 1

DNC SERVICES CORP
ACCOUNTS PAYABLE
1625 MASS AVE SUITE 400
WASHINGTON DC 20036

IN CORRESPONDENCE PLEASE REFER TO THIS ACCOUNT NUMBER
D21248-48037 137 731

STATEMENT OF ACCOUNT

PLEASE LIST ON YOUR REMITTANCE EACH COMPLETE INVOICE NUMBER AND THE AMOUNT PAID FOR EACH INVOICE TO ASSURE CORRECT APPLICATION.

ITEM	DATE	SERVICE	CUSTOMER IDENT.	AMOUNT
INVOICE 384420	10/31/77	YF01GENINV	DNC SERVICES CORP DNC SERVICES CORP	9644.04
MONTH	10/77	TOTAL		9644.04
INVOICE 398879	11/30/77	YF01GENINV	DNC SERVICES CORP DNC SERVICES CORP	12690.64
MONTH	11/77	TOTAL		12690.64
INVOICE 413442	12/31/77	YF01GENINV	DNC SERVICES CORP DNC SERVICES CORP	17872.37
MONTH	12/77	TOTAL		17872.37
INVOICE 428141	01/31/78	YF01GENINV	DNC SERVICES CORP DNC SERVICES CORP	8329.94
MONTH	01/78	TOTAL		8329.94
INVOICE 987437	02/22/78	CLASSES	DNC SERVICES CORP ACCOUNTS PAYABLE	90.00
INVOICE 442976	02/28/78	YF01GENINV	DNC SERVICES CORP DNC SERVICES CORP	1069.80
MONTH	02/78	TOTAL		1159.80
INVOICE 458245	03/31/78	YF01GENINV	DNC SERVICES CORP DNC SERVICES CORP	1073.22
MONTH	03/78	TOTAL		1073.22
INVOICE 473558	04/30/78	YF01GENINV	DNC SERVICES CORP DNC SERVICES CORP	1022.63
MONTH		TOTAL		1022.63

RETURN DUPLICATE WITH YOUR REMITTANCE

8204031400 80

GENERAL ELECTRIC

INFORMATION SERVICES BUSINESS DIVISION

GENERAL ELECTRIC COMPANY
INFORMATION SERVICES DIVISION
P.O. BOX 18509
BALTIMORE, MARYLAND 21203

DATE MAY 31, 1978

PAGE 2

DNC SERVICES CORP
ACCOUNTS PAYABLE
1625 MASS AVE SUITE 400
WASHINGTON DC 20036

IN CORRESPONDENCE PLEASE REFER TO THIS ACCOUNT NUMBER
D21248-49037

138
731 2

STATEMENT OF ACCOUNT

ITEM	DATE	SERVICE	CUSTOMER IDENT.	AMOUNT
INVOICE 488992	05/31/78	YF01GENINV	DNC SERVICES CORP DNC SERVICES CORP	1022.68
MONTH 05/78 TOTAL				1022.68
TOTAL NET BALANCE DUE				52815.37

PLEASE RETURN DUPLICATE WITH YOUR REMITTANCE

6204034408 1

July 18, 1977

The Maryland National Bank
401 North Washington Street
Rockville, Maryland 20850

The undersigned, THE DNC SERVICES CORPORATION, Washington, D.C., (the Customer), hereby assigns to the GENERAL ELECTRIC COMPANY, 401 North Washington Street, Rockville, Maryland 20850 (the Company), all right, title, and interest in the Principal of the attached one-year Certificate of Deposit as security for the Customer's open credit account with the Company.

The undersigned Customer hereby authorizes and directs the Company in the event of failure to pay any of the Customer's financial obligations to the Company, to apply the Principal represented by the attached Certificate, or such part of such Principal as may be necessary, to the payment, of any and all indebtedness and liabilities then due to the Company.

The Company agrees that in the event of any of the following Contingencies to the Company, this assignment will immediately terminate:

1) Petition for Bankruptcy, Insolvency or Reorganization;
2) Appointment of a Receiver, Trustee or Keeper;
3) Assignment for the Benefit of Creditors.

The Company agrees to file with the DNC a release form which will order The Maryland National Bank to transfer the Certificate of Deposit to the DNC at the end of the term of the contract or in the event of any of the Contingencies enumerated above.

Witness:

THE DNC SERVICES CORPORATION

By:

J.D. Nelson, Administrator

8-5-77
GEORGE M. RILEY, JR.

October 3, 1977

The Maryland National Bank
401 North Washington Street
Rockville, Maryland 20850

Gentlemen:

We understand that the DNC Services Corporation has notified you by letter dated July 18, 1977 that it has assigned all right, title and interest in its Certificate of Deposit (Savings Bond No. 117881) issued by Maryland National Bank on July 22, 1977.

Please be advised that GE holds said Certificate as security to ensure DNC's performance of its payment obligations under an Agreement for Computer Services between DNC and GE during the one-year period from July 22, 1977 to June 22, 1978 and that GE will release said Certificate to DNC either at the expiration of said one-year period (provided DNC has properly met its payment obligations during the period), or upon the first happening to GE of one of the below listed contingencies, whichever occurs first.

1) Petition for Bankruptcy, Insolvency or Reorganization;

2) Appointment of a Receiver, Trustee or Keeper;

3) Assignment for the Benefit of Creditors.

GENERAL ELECTRIC COMPANY
Information Services Business Division

By Jack A. Hamm

Title Mgr. Cash & Collection

Date OCT 3 1977

8204034083

DEMOCRATIC
NATIONAL COMMITTEE 1625 Massachusetts Ave., N.W. Washington, D.C. 20036 (202) 797-5900

August 15, 1978

Mr. J. A. Hanson
General Electric Information Services
401 N. Washington Street
Rockville, MD 20850

Dear Mr. Hanson:

Before we finalize our agreement with regard to the amount of credit on the balance owed, we would like to have a more complete breakdown of the invoices relating to "GE Development" and "DNC Processing". I offer the following example to illustrate why we feel that GE has underestimated the "development cost".

In the January 31, 1978 letter Mr. William P. Booth sent, he indicated that GE spent $5,844 on development cost during December. A review of the December invoice indicates that the cost of 7234 "program storage units" was $5,787. We must assume that a significant number of the 74,322 "computer resource units" at a cost of $8,918 related to the development of these programs and should be included in the "GE Development Cost" and not billed to the DNC.

We would like a more complete breakdown of the invoices for October, November, and December, 1977 and January 1978 in order to make our own estimate of the development costs.

In addition, we would like to point out statements made by GE in their proposal to the Democratic National Committee page no. 33 as follows:

"Since implementation will be carried out on a Time and Materials basis, it should be noted that the following estimate of personnel time and MARK III service development costs represent a best approximation and should not be construed as a guarantee or upper limit. General Electric will notify DNC as soon as practicable if an estimate will be exceeded, in which case DNC may either terminate the agreement, paying only for charges incurred to that time, or increase the authorized funding and/or time to complete the job.

A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commission, Washington, D.C.

DEMOCRATIC
NATIONAL COMMITTEE 1625 Massachusetts Ave., N.W. Washington, D.C. 20036

August 15, 1978

Mr. J. A. Hanson
General Electric Information Services
401 N. Washington Street
Rockville, MD 20850

Dear Mr. Hanson:

Before we finalize our agreement with regard to the amount of credit on the balance owed, we would like to have a more complete breakdown of the invoices relating to "GE Development" and "DNC Processing". I offer the following example to illustrate why we feel that GE has underestimated the "development cost".

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"Since implementation will be carried out on a Time and Materials basis, it should be noted that the following estimate of personnel time and MARK III service development costs represent a best approximation and should not be construed as a guarantee or upper limit. General Electric will notify DNC as soon as practicable if an estimate will be exceeded, in which case DNC may either terminate the agreement, paying only for charges incurred to that time, or increase the authorized funding and/or time to complete the job.

A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commission, Washington, D.C.

Note that all development work will be performed in DNC's catalog, and DNC will be billed directly in accordance with the terms of the Agreement for Computer Services".

We were not notified that costs were going to be approximately $12,000 per month during the four month period in question which obviously exceeded the $2,200 per month estimate.

Sincerely,

David Phelps
Administrator

DP/sm

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Cadwalader, Wickersham & Taft
1333 New Hampshire Avenue, N.W. Washington, D.C. 20036

Mr. William Taylor
Office of General Counsel
Federal Election Commission
1325 K Street, N.W.
7th Floor

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OFFICE OF
GENERAL COUNSEL

April 13, 1981

Charles N. Steele, Esq.
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1166 and MUR 1206

Dear Mr. Steele:

This is to advise you that counsel for the Democratic National Committee in MURs 1166 and 1206 are:

Ronald D. Eastman
Lynda S. Mounts
CADWALADER, WICKERSHAM & TAFT
Suite 700
1333 New Hampshire Avenue, N.W.
Washington, D.C. 20036
(202) 293-6300

Please send all notifications and other communications concerning these matters to counsel stated above.

We are aware of Mr. Harrington's letter dated March 5, 1981; however, he no longer is responsible for MURs 1166 and 1206. We regret the delay, and do not anticipate another change of counsel for these matters.

Sincerely,

Ronald D. Eastman
Lynda S. Mounts

cc: William Taylor, Esq.
Frances B. Hagan

8204031408089

April 13, 1981

Charles N. Steele, Esq.
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1206

Dear Mr. Steele:

I. INTRODUCTION

On January 22, 1981, the Federal Election Commission (Commission) advised the DNC Services Corporation (DNC) that it had found reason to believe that the DNC may have violated § 441b(a) of the Federal Election Campaign Act (FECA) because it did not pay 20 debts to 15 corporations, totalling $54,254.79, between 1976 and 1978. (See Attachment A, a list of outstanding obligations at issue here.)* As we understand the General Counsel's report in this docket, your concern (and the Commission's) is that corporations may have extended credit to the DNC for "a length of time beyond normal business or trade practice" without making a commercially reasonable attempt to collect. See 11 C.F.R. § 100.7(a)(4).**

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* The Office of General Counsel provided Attachment A in response to a request from the DNC's counsel.

** Section 441b(a) prohibits corporate contributions. It also prohibits a political committee from knowingly accepting or receiving such contributions. As pertinent here, the Commission's regulations define "contribution" to include "the extension of credit by any person for a length of time beyond normal business or trade practice..., unless the creditor has made a commercially reasonable attempt to collect." 11 C.F.R. § 100.7(a)(4).

The General Counsel's report states that while the Office of General Counsel does not know each corporation's normal business practice for extensions of credit, it believes that extensions of two to five years are excessively long. The report also states that the DNC did not have evidence of vendor attempts to obtain payment. The Commission's auditors did not note any attempts by the DNC to pay, the creditors to collect, or the parties to seek settlements of the debts. According to the General Counsel's report, the corporations' failure to seek payment of the outstanding debts constitutes making corporate contributions, and the DNC's failure to make payments constitutes accepting corporate contributions.

None of the obligations listed on Attachment A constitutes a contribution. First, while the DNC is not aware of each corporation's credit practices, to the best of its knowledge each corporation initially extended credit in the ordinary course of business. The DNC is an ongoing institution with a practice of meeting its obligations; an extension of credit to the DNC therefore is commercially reasonable. In addition, despite the auditors' indications to the contrary, the DNC's files contain numerous letters from many of these creditors seeking payment. (See Appendix attached to this letter.) Moreover, there is no evidence that any of the corporations provided services to the DNC without intending to collect, or intending to aid a particular party in a federal election. Mere non-collection of a debt is not sufficient to prove a corporation has made a contribution to the DNC. See Miller v. AT&T, 507 F.2d 759 (3rd Cir. 1974).

On the DNC's part, it has taken commercially reasonable steps to satisfy each outstanding debt; although, it has been in a deficit position for over 12 years.*** Indeed, some of the items shown on Attachment A are in fact not DNC debts. Since the time that the Commission's auditors reviewed its records, the DNC has paid in full a number of the obligations at issue. Additionally, since the auditors' review, the DNC's Comptroller has corrected the DNC's records to show a zero balance for some acounts after receiving new information or deciding a correction was appropriate following review of the files. For a few accounts, the DNC unsuccessfully has tried to verify amounts outstanding, but has received no response from the creditors. As for the remaining obligations, unless the amounts are in dispute, the DNC will pay them as its finances permit. The DNC does not view debt settlement as appropriate in these cases, because it fully intends to pay its undisputed outstanding obligations as funds are available.

***In its most recent FEC report, for the period ending December 31, 1980, the DNC reported cash on hand of $411,143.00, with outstanding obligations of $1,045,345.18.

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The following is an analysis of each obligation listed on Attachment A. As shown below, the DNC dealt with each transaction in a commercially reasonable manner; in no case did the DNC accept a prohibited contribution.

II. THE DNC DID NOT ACCEPT CORPORATE CONTRIBUTIONS IN VIOLATION OF THE FECA

A. Obligations Paid by the DNC.

Of the 20 debts to 15 corporations listed on Attachment A, the DNC has paid in full or corrected its accounts to reflect a zero balance for 14 of the obligations to 9 corporations that were outstanding at the time the Commission's staff completed its audit of the DNC. In each of these transactions, the DNC acted in a commercially reasonable manner and has no reason to believe the corporations failed to do the same.

1. Roper Organization, Inc.

In 1977, the DNC subscribed to Roper Reports, a publication of the Roper Organization (Roper). The annual subscription price was $6,500, payable in quarterly installments of $1,625. The DNC apparently paid the first installment in a timely manner. (Appendix at 1-2) The DNC's files show a bill for the second quarterly installment, dated August 26, 1977, which the DNC apparently paid in October, 1977. Subsequently, on April 28, 1978, Roper sent the DNC a statement for the fourth installment, as well as for the still outstanding third installment, billed on December 19, 1977. (Appendix at 3-4) The DNC paid this $3,250 obligation by two checks: one dated March 12, 1980, in the amount of $1,250; the other dated April 30, 1980, in the amount of $2,000. (Appendix at 5)

Both parties acted in a commercially reasonable manner. The DNC paid installments within its capacity to do so; Roper attempted to obtain payment of outstanding amounts; and the DNC paid in full when it was able to do so.

2. Ford Motor Company

The DNC leased vehicles from Ford Motor Company (Ford) for official DNC use. On February 12, 1976, Ford billed the DNC $2,000 for lease of vehicles during January 1 - June 30, 1976. On August 25, 1976, Ford billed the DNC another $2,000 for the period July 1 - December 31, 1976. On February 10,

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1977, Ford requested payment of an outstanding balance of $4,500, which Ford later corrected to $4,000. (Appendix at 6-7) On May 3, 1977, Ford again requested payment. (Appendix at 8) In response, on May 6, 1977, the DNC's Comptroller advised Ford that the DNC recognized the obligation and that while it was unable to pay at the time, it hoped to remit payment soon. (Appendix at 9) On August 25, 1978, Ford personnel spoke with the DNC's Comptroller about payment of the debt. The Comptroller advised Ford that the DNC would try to pay the amount due by the end of the year. (Appendix at 10) On September 30, 1979, the DNC paid Ford $2,000; on January 31, 1980, the DNC paid another $2,000, closing the account. (Appendix at 11)

Again, both parties acted in a commercially reasonable manner. Ford contacted the DNC several times; the DNC's Comptroller advised Ford that the DNC recognized the obligation and would pay as soon as it was able to do so. The DNC did pay this account in full at the beginning of 1980.

3. Hotel Copy Centers, Inc.

On April 5, 1977, Hotel Copy Centers, Inc. (Sheraton Park Branch) submitted an invoice in the amount of $339.41 to the DNC for "xeroxing for March 31, 1977." The DNC's files also contain an invoice dated May 31, 1979, for "xeroxing during conferences" in the amount of $133.04. On April 23, 1980, the DNC paid the full amount of $472.45 to close this account. (Appendix at 12)

The course of this transaction was commercially reasonable. The DNC has held numerous meetings at the Sheraton Park and regularly requires the services of the copying center located there. The DNC has always paid its obligations to Hotel Copy Center, as it did in this instance. Based on the course of dealings between the parties, the extension of credit was commercially reasonable.

4. Waldorf-Astoria

Attachment A shows outstanding invoices from the Waldorf-Astoria in the amounts of $855.26 (12/21/76) and $524.84 (8/12/77). The recitation of events described in the March 6, 1981 letter of counsel for the Hilton Hotels Corporation to the FEC explains the facts as the DNC understands them; the DNC will not duplicate that statement or the accompanying correspondence. Briefly, the DNC disputed responsibility for the $855.00 account, and the Waldorf apparently sought payment

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from the individuals involved. As to the account with the amount of $524.84 payable, the Waldorf apparently incorrectly advised the DNC on February 8, 1980, that it owed $479.80. The DNC promptly paid that amount on April 23, 1980. However, the Waldorf apparently made an error; the amount it reported to the DNC was due from the Democratic House-Senate Council. When the DNC paid this amount, the Waldorf-Astoria credited it to the wrong account. According to the hotel's counsel, it will now apply this payment to the DNC's account and bill the DNC for the difference.

The confusion regarding these invoices resulted from a dispute as to responsibility for the obligation and an accounting error. The accounts have been handled, on both sides, in a commercially reasonable manner; no contribution occurred. As of now, the DNC's records correctly report a zero balance for this account.

5. Playboy Limousine, Inc.

On October 31, 1977, Playboy Limousine, Inc. submitted an invoice to the DNC for $402.96. On February 2, 1980, in response to a January 30, 1980 letter from the DNC seeking verification of outstanding obligations in conjunction with an independent audit, Playboy Limousine confirmed the balance. On March 12, 1980, the DNC paid this account in full. (Appendix at 12)

6. Triplex Direct Marketing

The DNC engaged Triplex Direct Marketing Corporation (Triplex) to "clean" its list of contributors so as to use it more effectively for mass mailings. Triplex reviewed over 800,000 names. The DNC received two invoices from Triplex: one dated January 16, 1978, in the amount of $77.43; the other dated March 27, 1978, in the amount of $2,344.58.

Apparently, in October 1979, when the then Deputy Treasurer of the DNC called a Triplex representative to inquire about two open invoices, Triplex advised that the invoices were no longer outstanding. Triplex reported that the DNC's list broker had paid both invoices out of rental income it had received on behalf of the DNC. (Appendix at 13) In a letter confirming this information, dated November 1, 1979, Triplex advised the DNC to remove these obligations from its books. (Appendix at 14)

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7. Sheraton Park Hotel

The DNC files contain an undated statement from the Sheraton Park Hotel for $262.73. Apparently, the bill covered expenses for a DNC meeting on June 8 and 9, 1978. The DNC entered this amount on its books as a liability on July 18, 1978. In 1980, after reviewing the files, the DNC's Comptroller corrected the DNC's records to show a zero balance. She did so because the DNC's records showed several DNC checks issued to the hotel without documentation tying them to specific accounts, and DNC receipt of a refund check from the hotel in 1979 related to another meeting. In the Comptroller's judgment, the balance apparently was reduced through payment to other accounts. This would not be unusual because the DNC holds numerous functions at the Sheraton Park and the hotel normally credits payments against any outstanding accounts. Normally, the Sheraton Park would not send a refund check if the DNC had an outstanding balance in any account.

8. Standard Typewriter and Equipment

An occasional consultant to the DNC received an invoice from Standard Typewriter for a balance due of $63.00 for rental of some equipment in November 1976. An unidentified source sent the bill to the DNC. On February 6, 1980, in response to the DNC's inquiry as to whether there was a balance due in conjunction with an independent audit, Standard Typewriter advised that the DNC had a zero balance. (Appendix at 15) The DNC therefore corrected its records, believing it likely that the individual who had rented the equipment had paid the outstanding amount. When a company cannot confirm a balance and the bill is not made out to the DNC, the DNC's Comptroller considers it reasonable to handle the account as she did here.

9. Word Process Services, Inc.

Attachment A includes two invoices from Word Process Services, Inc. (WPS), one dated January 19, 1977, in the amount of $400 and one dated March 25, 1977, in the amount of $156. The DNC's files show that WPS sent the DNC an invoice dated January 13, 1977, in the amount of $1,100, for a maintenance contract for two word processing machines. The DNC paid $700. Subsequently, it had to abandon the machines prior to the expiration of the maintenance contract because they were not working. WPS took one machine to overhaul and never returned it. Under the circumstances, the DNC Comptroller considered the account cleared when WPS did not return the machine.

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B. Obligations Still Outstanding.

1. Action Research Interventions, Inc.

Attachment A shows a $6,007.31 obligation incurred on December 31, 1976. From March 3, 1976 through December 18, 1976, Action Research Interventions, Inc. (Action Research) sent the DNC invoices for conducting training institutes in various cities. On May 7, 1977, Action Research submitted a statement of account totalling $18,145.56. The DNC's Comptroller noted on this statement that the DNC should set up a payment schedule. (Appendix at 16) On a subsequent statement, dated July 9, 1977, the DNC's then Administrator advised the Comptroller to set up a payment schedule: $4,000 the week of July 11, and $4,000 per month until exhausted. (Appendix at 17) The DNC made payments of $4,000 on July 15, 1977 and August 3, 1977. (Appendix at 18) On August 29, 1977, Action Research submitted a bill for the balance, $10,145.55. (Appendix at 19) On October 26, 1977, the DNC issued a check to Action Research for $4,000 and on May 30, 1980 for $1,500, leaving $4,645.55 remaining due. (Appendix at 20) On June 25, 1980, the DNC received notification that Action Research was no longer in business, and that an individual, the former owner, had "taken over the concerns" of the company. He requested liquidation of the balance due. (Appendix at 21) The DNC has not made further payment because (1) it is not clear who owns the company and (2), Action Research never cashed the May 30, 1980 check for $1,500.

2. Total Audio Visual Services, Inc.

On November 4, 1976, Total Audio Visual Services, Inc. (Total Audio) issued an invoice in the amount of $364 to the Carter-Mondale Headquarters for the cost of a television set not returned after rental for a campaign victory party. The DNC apparently assumed the obligation as part of its $ 441a(d) expenditures under the FECA on November 30, 1976. Total Audio did not respond to a January 30, 1980 letter from the DNC, in conjunction with an independent audit, requesting information as to whether there was an amount outstanding. (Appendix at 22) On April 16, 1980, the DNC's Comptroller called a Total Audio representative, who advised her that he had no record of the invoice. He said that he would contact the DNC if he found anything. (Appendix at 23) The Comptroller has not heard from him. She believes it is possible that the campaign committee paid this account. In any event, having been unable to verify this account, the DNC intends to write off this account and remove the obligation from its reports. The DNC's Comptroller believes this is a commercially reasonable way to treat this account.

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3. Action Surveys, Inc.

On August 22, 1977, the DNC received a bill from Action Surveys, Inc. (Action Surveys) in the amount of $485 for "Virginia Survey." On January 31, 1980, in response to a letter requesting confirmation of any outstanding balance, Action Surveys reported the DNC had a zero balance. (Appendix at 24) On April 30, 1980, the DNC called to inquire about this account. An Action Surveys representative advised he would check and call back. But, Action Surveys has not contacted the DNC since. Given these facts, the DNC intends to correct its records to reflect the zero balance reported and remove the obligation from its reports.

4. Aero-Virgin Islands Corp.

Aero-Virgin Islands Corp. (Aero) submitted an invoice to the DNC dated December 23, 1977. Apparently, the invoice covered transportation for DNC officials and employees, as well as the State Party Chair of the Virgin Islands. Aero did not respond to the DNC's request to confirm the outstanding balance. (Appendix at 25) In any event, the applicable statute of limitations may preclude collection. D.C. Ann. § 12-301(7). In due course, the DNC will write off this debt and remove it as an obligation on the DNC's reports.

5. Ramada Inn

Apparently, someone purporting to represent the 1976 Carter-Mondale campaign organized an election night party at a Ramada Inn in New Jersey. The bill, dated November 2, 1976, was in the amount of $2,818.20; Ramada Inn reduced it to $2,450 after contest of certain items. During 1977 the president of the Ramada Inn sought payment from the organizer of the party, the Carter-Mondale Campaign Committee, and the DNC. Also, his lawyer wrote a letter to President Carter on June 17, 1977, asking the President to help clear up the matter. On August 19, 1977, the DNC entered the amount on its books as a liability. The Ramada Inn has not contacted the DNC since that time.

The DNC is attempting to gather more information on this account. If the facts warrant, we will file a supplemental response on this account shortly.

6. General Electric

Attachment A includes an outstanding amount of $32,082.20 due to General Electric Company (G.E.), which the DNC apparently

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incurred in December 1977. In response to a request to confirm the DNC's balance due, dated February 3, 1981, G.E. reported the outstanding balance is now $27,053.91. (Appendix at 26)

The DNC still is reviewing its files on this account. This effort has taken more time than we anticipated because none of the people involved in the transaction are still with the DNC. We intend to file a supplemental response on this account shortly.

III. OTHER MATTERS

Magus Corporation

The General Counsel's report indicates that the Magus Corporation (Magus) may have taken a loss on a contract for services. The report apparently refers to a letter, dated March 21, 1979, in which Magus' Production Director advised the DNC that it owed $10,000 on a film Magus produced for the DNC's 1978 Mid-term conference. The letter also stated that the company "took a loss" on the transaction. The DNC promptly paid the $10,000 obligation, in $2,000 installments, between April 11, 1979 and August 30, 1979. (Appendix at 27-29) The General Counsel's report apparently does not assert that the DNC accepted a contribution, and its prompt payment should leave no doubt. The DNC has no information on whether Magus took a loss on the contract, which had been the result of arms length negotiations.

IV. CONCLUSION

As described above, none of these transactions constitutes acceptance of a corporate contribution. The DNC, although constantly short of funds, has paid virtually two thirds of the obligations listed on Attachment A. When it did not pay promptly, in most instances the creditors sought payment. And the DNC did pay as it was able to do so. As for those still outstanding, the DNC has attempted unsuccessfully to verify some of the accounts. For the others, unless the amount is in dispute, the DNC will pay as its finances permit. Therefore, the Commission should take no further action in this matter.

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If you would like to discuss any of the matters raised in this response, please call us.

Sincerely,

Lynda S. Mounts

Ronald D. Eastman
Lynda S. Mounts

Counsel for DNC Services Corporation

Attachments

cc: Frances B. Hagan

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DNC Debts

	VENDOR	DATE INCURRED	AMOUNT OUTSTANDING
1.	General Electric	12/77	$32,082.20
2.	Aero Virgin Island Corp.	1/31/78	180.00
3.	Triplex Direct Marketing	1/13/78	77.43
		4/28/78	2,344.58
4.	Roper Organization	12/12/77	1,625.00
		2/15/78	1,625.00
5.	Sheraton Park Hotel	7/18/78	262.73
6.	Standard Typewriter and Equipment	2/16/76	63.00
7.	Ford Motor Company	2/25/76	2,000.00
		9/8/76	2,000.00
8.	Total Audio-Visual Service	11/30/76	364.00
9.	Action Research Interventions	12/31/76	6,007.31
10.	Waldorf Astoria Hotel	12/31/76	855.26
		8/12/77	524.84
11.	Word Process Service, Inc.	1/19/77	400.00
		3/25/77	166.05
12.	Hotel Copy Center, Inc.	4/12/77	339.41
13.	Ramada Inn	8/19/77	2,450.00
14.	Action Survey, Inc.	9/9/77	485.00
15.	Playboy Limousine, Inc.	12/30/77	402.98
		Total	$54,254.79

ATTACHMENT A

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APPENDIX

THE ROPER ORGANIZATION INC.

June 20, 1977

Democratic National Committee
1625 Massachusetts Avenue, N.W.
Washington, D.C. 20036

Annual Subscription to ROPER REPORTS,
three reports and twelve summaries. . . . . $ 6,500.00

First instalment,
ROPER REPORTS 77-5, 77-6 and 77-7 . . . . . $ 1,625.00

Record
$ 4875.00

6/8/
see approval letter
in file.

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THE ROPER ORGANIZATION INC.

June 20, 1977

Mr. Scott Wolf
Director, Political Research
Democratic National Committee
1625 Massachusetts Avenue, N.W.
Washington, D.C. 20036

Dear Mr. Wolf:

Today we received your letter of June 17th enclosing a check in the amount of $1625 which represents your first instalment for ROPER REPORTS 77-5, 77-6 and 77-7. However, I noted on the check stub a request for an invoice to cover this first instalment which we failed to send out. Since Mr. Roper will be out of town this week and most of the following week, in his absence I am sending the requested invoice. I would appreciate it if you could forward it on to whomever should receive it.

For your information, your first issue, ROPER REPORT #77-5, was mailed out to subscribers this morning.

Sincerely,

Mary Anne Andrzejczak
Secretary to Mr. Roper

/maa
Encl.

0 2 0 4 0 3 4 1 0 2

THE ROPER ORGANIZATION INC.

BURNS W. ROPER
Chairman

April 28, 1978

Mr. Scott Wolf
Democratic National Committee
1625 Massachusetts Avenue
Washington, D.C. 20036

Dear Scott:

Enclosed is the statement that we discussed yesterday. Anything you could do to expedite it will be appreciated, particularly since payment is way behind schedule.

Needless to say, I hope the DNC will see its way clear to subscribing for another year. As I believe you know, the annual price is now $7,500 a year.

The last issue in your present subscription will be delivered in approximately ten days.

Cordially,

Burns W. Roper

BWR/maa
Encl.

820403-4103

THE ROPER ORGANIZATION INC.

April 28, 1978

Democratic National Committee
1625 Massachusetts Avenue
Washington, D.C. 20036

Annual Subscription to ROPER REPORTS,
three reports and twelve summaries. . . . . $ 6,500.00

Fourth Quarterly Instalment . . . . . $ 1,625.00

Third Quarterly Instalment (billed 12/19/77,
still outstanding) . . . . . $ 1,625.00

Amount Due At This Time . . . . . $ 3,250.00

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D.N.C. Services Corporation
GENERAL FUND
[redacted]

March 12, 1980

Pay to the order of The Roper Organization, Inc.
One Park Avenue
New York, NY 10016

Dollars $1,250.00

NOT NEGOTIABLE

D.N.C. Services Corporation
GENERAL FUND
[redacted]

April 30, 1980

Pay to the order of The Roper Organization, Inc.
One Park Avenue
New York, NY 10016

Dollars $ 2,000.00

NOT NEGOTIABLE

Balance Due

FEE PAID 1980

6204034106

Washington Staff

Ford Motor Company
[illegible] Connecticut Avenue, N.W.
Washington, D.C. [illegible]

February 10, 1977

Mr. Eric Jaffe
Democratic National Committee
1625 Massachusetts Avenue, N. W.
Washington, D. C. 20036

Dear Mr. Jaffe:

Our records indicate that you have an outstanding balance of $4,500.00 for the lease of vehicles from Ford Motor Company during the periods July 1-December 31, 1975, and January 1-June 30, 1976, and July 1-December 31, 1976. (See attached statement.)

Kindly remit at your earliest convenience. If you have any questions regarding the above billing, please contact me at 785-6047.

Very truly yours,

William F. Little

William F. Little

Att.

Rch 4500
1976 7

CENTRAL ACCOUNTING [illegible]

P.O. BOX [illegible]

[illegible], MICHIGAN 48107

[illegible] CODE	ACCOUNT	STATEMENT DATE
U0051	06M -01	12-31-76

U S GOVT
DEMOCRATIC NATIONAL COMMITTEE
WASHINGTON DC

PAGE 1

SOURCE	INVOICE DATE	INVOICE NUMBER	REFERENCE	BALANCE DUE
7M012	07 30 75	#H232986	232986	500.00
2M006	02 12 76	#H263933	263933	2,000.00
8M007	08 23 76	#H273194	273194	2,000.00
			TOTAL	4,500.00

PLEASE REFER TO NUMBER(S) SHOWN IN REFERENCE COLUMN WHEN REMITTING

b20403441107

JAN 1972 150-139

Customer

Washington Staff

Ford Motor Company
[redacted] Connecticut Avenue, N.W.
Washington, D.C. [redacted]

May 3, 1977

Ms. Pat Whitaker
Democratic National Committee
1625 Massachusetts Avenue, N.W.
Washington, D. C. 20036

Dear Ms. Whitaker:

Ford Motor Company records still show an outstanding balance of $4,500.00 due from the Democratic National Committee for the lease of two cars from January 1975 to June 1976, when the lease was terminated. Attached is a copy of a statement on your account dated December 31, 1976, and a copy of a letter concerning the account sent to the Democratic National Committee dated February 10, 1977.

Please remit payment at your earliest convenience.

Very truly yours,

Paul A. Kelly

Attachments

8204034108

May 6, 1977

Mr. Paul Kelly
Ford Motor Company
815 Connecticut Avenue, N.W.
Washington, D.C. 20006

Dear Mr. Kelly:

I am in receipt of your letter dated May 3rd. Be assured that the Democratic National Committee recognizes the obligation and, while we are unable to forward payment at this time, we hope to remit in the near future.

Sincerely,

Patricia J. Whiteaker
Comptroller

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1. Send original and top copy with remittance. 2. Retain third copy for records.

Two Way Memo Reference number 1158748

To Ms Pat Whittaker | At Democratic National Committee

Thank you for the courtesy extended to me during our phone conversation this afternoon.

It is our hope that, as you stated, the Democratic National Committee will be able to pay the $4000 due the Ford Motor Company soon.

Signed Mary Mochal | At FORD MOTOR COMPANY CENTRAL ACCOUNTING SERVICES P. O. BOX 1718 DEARBORN, MICHIGAN 48121 | Date 3/25/78

To (313) 322-6132 Sender — Do not write below

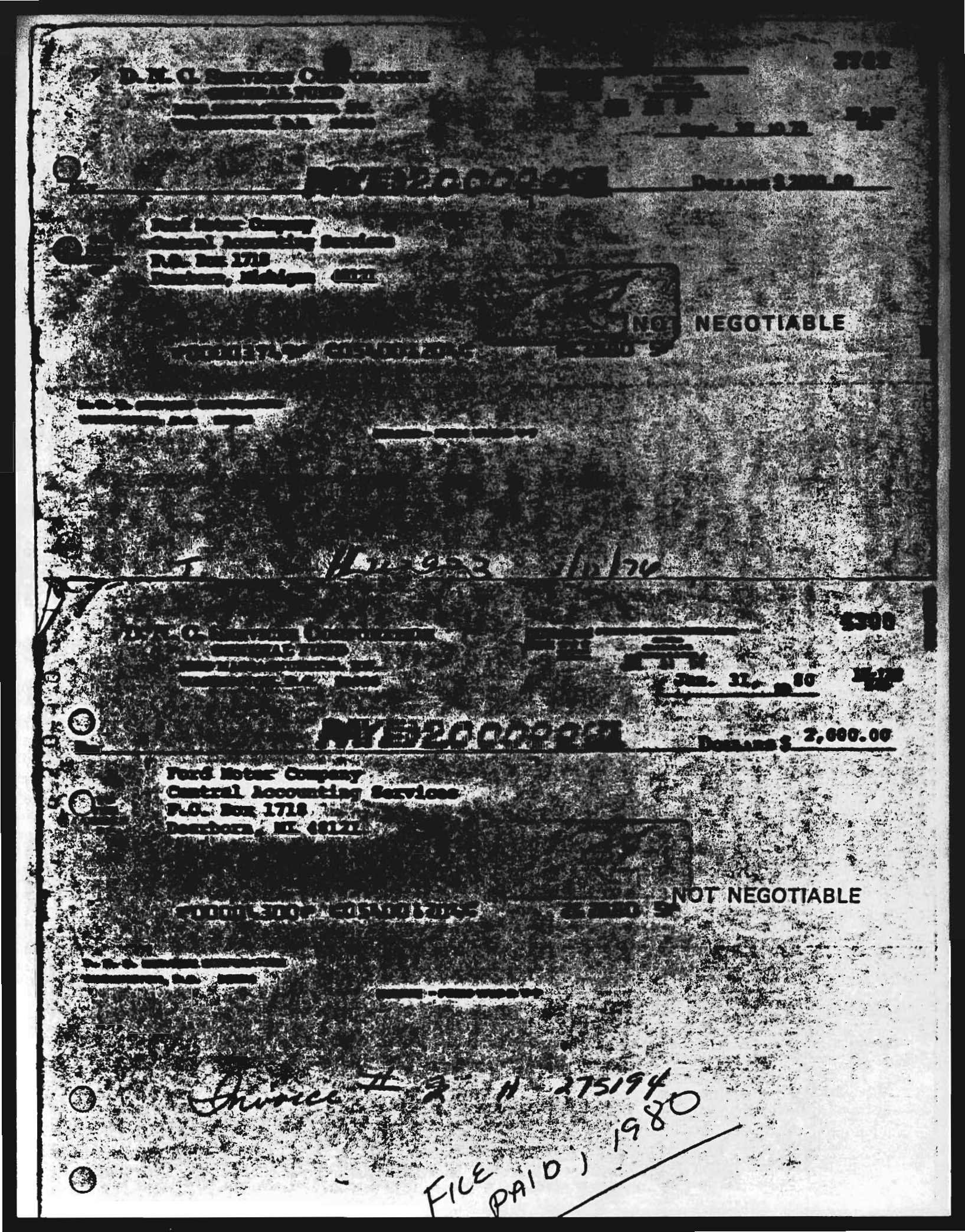
Reply

I told them we would try to pay by end of year — PW

Signed | At | Date

Form 5967 Adm 71

1. RECIPIENT — RETURN TO SENDER WITH REPLY


NOT NEGOTIABLE
Ford Motor Company
Central Accounting Services
P.O. Box 1718
Dearborn, MI 48121
NOT NEGOTIABLE
Service H-2 H-275194
FILE PAID 1980

D.N.C. Services Corporation
GENERAL FUND
[redacted]

[redacted]

March 12, [redacted]

Pay [redacted] Dollars $402.98

To the Order Of
Playboy Limousine, Inc.
1629 Twelfth Street
Santa Monica, CA 90404

NOT NEGOTIABLE

[redacted]

Invoice # 58342
58326
58327

D.N.C. Services Corporation
GENERAL FUND
[redacted]

[redacted]

April 23, [redacted]

Pay [redacted] Dollars $ 672.45

To the Order Of
Total Copy Centers, Inc.
[redacted]
Washington, D.C. 20008

NOT NEGOTIABLE

[redacted]

Mailing services

4/5/77 339.41
5/31/79 133.04

DEMOCRATIC
NATIONAL COMMITTEE 1625 Massachusetts Ave., N.W. Washington, D.C. 20036 (202) 797-5900
John C. White
Chairman

October 24, 1979

Ms. Sheila Martin
Triplex Direct Marketing
Corporation
3135 Kerner Boulevard
San Rafael, California 94901

Dear Sheila:

As I mentioned to you on the phone the other day, our Controller shows two invoices from Triplex on our Accounts Payable listing.

You said you thought that the invoices had been paid by Names in the News. In order to remove the invoices from our Accounts Payable list, we need to go through the formality of a written confirmation from you that these invoices are no longer outstanding and information as to how they were paid.

I have enclosed a copy of the two invoices and if you could check your files to provide us with the payment information, I would appreciate it.

Thank you for your help.

Sincerely,

JEFF SOLENDER
Deputy Treasurer

JS/mld
Enclosures

82040344113

A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commission, Washington, D.C.

6204034414

TRIPLEX

TRIPLEX DIRECT MARKETING CORPORATION

November 1, 1979

To: Jeff Solender - Democratic National Committee

cc: Dick Hammond - Names in the News

From: Sheila Martin

Re: 1978 Invoices

Thanks, Jeff, for the copies of our invoice numbers 189 and 1212 from 1978. Both of these invoices were rebilled to Names in the News in a special arrangement where they paid for them out of your rental income.

These are no longer outstanding to Triplex and you should remove them from your books.

Cheers!

Sheila

SM:rjm

[2422.017

Remove

FILE PAID 1979

3135 KERNER BOULEVARD SAN RAFAEL CALIFORNIA 94901 415/457-8400

DEMOCRATIC
NATIONAL COMMITTEE

15

January 30, 1980

Standard Typewriter & Equipment
1528 K Street, N.W.
Washington, D.C. 20005

Gentlemen:

Our auditors, Arthur Andersen & Company, are now engaged in an examination of our financial statements. In connection therewith, please advise them in the space provided below whether or not there is a balance due you by the Democratic National Committee as of December 31, 1979. If there is a balance due, please attach a statement of the items making up such balance.

After signing and dating your reply, please mail it directly to Arthur Andersen & Company, 1666 "K" Street, N.W., Washington, D.C. 20006. A stamped, addressed envelope is enclosed for your convenience.

Very truly yours,

Pat Whitaker

Democratic National Committee

Arthur Andersen & Co.:

Our records indicate that a balance of $ -0- was due from the Democratic National Committee at December 31, 1979 as itemized in the attached statement.

E-35
1

Dated: 2-6-80 Signed: Rosalie O'Connell
Off Mgr. & Bookkeeper

8204034115

A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commission, Washington, D.C.

p.1

ACTION RESEARCH INTERVENTIONS INC.
7 WORTHINGTON LANE, CLEVELAND HEIGHTS, OHIO 44106 • 216-247-4021

7 May 1977

Marta David
Democratic National Committee
1625 Massachusetts Ave. N.W.
Washington, D.C. 20036

INVOICE

Current Statement of Account-Action Research Interventions

Billed 3 March 1976 - DNC Training Institute-Washington,D.C. February 19,20,21,22, 1976	balance due	$ 2,831.13
Billed 13 August 1976 - DNC Training Institute - Chicago August 5,6,7,7, 1976		7,675.97
Billed 18 December 1976 - DNC Training Institute - Atlanta August 26,27,28,29, 1976		6,665.15
	Total Amount Due	$17,172.25

Current Statement of Account - Leonard G. Hirsch

Billed 13 August 1976 - Consultations in July, 1976	973.30
	$18,145.56

ARI/mj

Should set up payment schedule

8204034116

ACTION RESEARCH INTERVENTIONS INC.
7 MORRINGTON LANE, CLEVELAND HEIGHTS, OHIO 44106 • 216-247-4031

9 July 1977

J.D. Nelson
Democratic National Committee
1625 Massachusetts Ave. N.W.
Washington, D.C. 20036

INVOICE

Current Statement of Account - Action Research Interventions

Billed 3 March 1976 - DNC Training Institute-Washington, D.C. February 19,20,21,22, 1976	balance due	$ 2,831.13
Billed 13 August 1976 - DNC Training Institute - Chicago August 5,6,7, 1976		7,675.97
Billed 18 December 1976 - DNC Training Institute - Atlanta		6,665.15
	Total Amount Due	$17,172.25

Current Statement of Account - Leonard G. Hitzeh

Billed 13 August 1976 - Consultations in July, 1976	973.30
	$18,145.56

Please make checks payable to Action Research Interventions Inc.

ARI/mej

DNC SERVICES CORPORATION
1625 MASS. AVE., N. W.
WASHINGTON, D. C. 20036

11549

[redacted]

PAY [redacted] DOLLARS $[redacted]

TO THE ORDER OF [redacted]

[redacted]

The RIGGS NATIONAL BANK
of WASHINGTON, D.C.
DUPONT CIRCLE OFFICE
MASSACHUSETTS AVE., N. W.

NOT NEGOTIABLE

⑆0540-0003⑆ 04-07179007⑈

DNC SERVICES CORPORATION
WASHINGTON, D. C. [redacted]

[redacted]

DATE	DESCRIPTION	AMOUNT

DNC SERVICES CORPORATION
1625 MASS. AVE., N. W.
WASHINGTON, D. C. 20036

11727

[redacted]

PAY [redacted] DOLLARS $ 4,000.00

TO THE ORDER OF [redacted]

[redacted]

The RIGGS NATIONAL BANK
of WASHINGTON, D.C.
DUPONT CIRCLE OFFICE
MASSACHUSETTS AVE., N. W.

NOT NEGOTIABLE

⑆0540-0003⑆ 04-07179007⑈

DNC SERVICES CORPORATION
WASHINGTON, D. C. [redacted]

[redacted]

DATE	DESCRIPTION	AMOUNT

ACTION RESEARCH INTERVENTIONS INC.
7 MORNINGTON LANE, CLEVELAND HEIGHTS, OHIO 44106 • 216-247-4091

August 29, 1977

J.D. Nelson
Democratic National Committee
1625 Massachusetts Ave. N.W.
Washington, D.C. 20036

INVOICE

0 2 0 4 0 3 4 4 1 1 9

Current Statement of Account - Action Research Interventions

Billed 13 August 1976 - DNC Training Institute - Chicago August 5,6,7	Balance due	$ 2,507.17
Billed 18 December 1976 - DNC Training Institute - Atlanta August 26,27,28, 29		6,665.15
		9,172.25

Current Statement of Account - Leonard G. Hirsch

Billed 13 August 1976	- Consultations in July, 1976	$ 973.30

Total Amount Due $10,145.55

Please make check payable to Action Research Interventions Inc.

ARI/mej

DNC Services Corporation
1000 Wash. Ave., N. W.
Washington, D. C. 20036

12128

[redacted]

Dollars $ [redacted]

[redacted]

The Riggs National Bank
of Washington, D.C.
[redacted]

NOT NEGOTIABLE

DNC SERVICES CORPORATION
WASHINGTON, D. C. [redacted]

DATE	DESCRIPTION	AMOUNT

D.N.C. Services Corporation
[redacted]

4817

[redacted]

Dollars $ 1,500.00

[redacted]

Aiden Kennedy Interviews, Inc.
7 Washington Lane
Cleveland, Ohio, 44135

NOT NEGOTIABLE

[redacted]

On Account

June 25, 1980

MEMORANDUM

TO: Pat Whitaker

FROM: Leonard G. Hirsch

Action Research Interventions, Inc. is no longer in business. I have taken over the concerns of this company and was formerly the owner of the company.

I would appreciate it if you would liquidate the balance due by making the check payable to me:

Leonard G. Hirsch, Ph.D.
1745 T Street, NW
Washington, D.C. 20009

jm

8204034421

January 30, 1980

Total Audio Visual
590 Piedmont Avenue
Atlanta, GA 30308

Gentlemen:

Our auditors, Arthur Andersen & Company, are now engaged in an examination of our financial statements. In connection therewith, please advise them in the space provided below whether or not there is a balance due you by the Democratic National Committee as of December 31, 1979. If there is a balance due, please attach a statement of the items making up such balance.

After signing and dating your reply, please mail it directly to Arthur Andersen & Company, 1666 "K" Street, N.W., Washington, D.C. 20006. A stamped, addressed envelope is enclosed for your convenience.

Very truly yours,

Pat Whitaker

Democratic National Committee

Arthur Andersen & Co.

Our records indicate that a balance of $_____ was due from the Democratic National Committee at December 31, 1979 as itemized in the attached statement.

Dated:_____ Signed:_____

A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commission, Washington, D.C.

6204034122

LSC SERVICES CORPORATION

LIABILITY VOUCHER

PAYEE Total Austin Visual Serv. DATE 11-30-84

ADDRESS _____ VOUCHER NO. 11-312

CITY _____ STATE _____

b20403441123

DESCRIPTION (Inv. No.)	AMOUNT
811	364 -
called -	
Warren Petrosky 4/16/80	
he has no record of the invoice	
will get back to me if he finds	
anything.	

DEMOCRATIC
NATIONAL COMMITTEE 1625 Massachusetts Ave., N.W. Washington, D.C. 20036 (202) 797-5900

January 30, 1980

Action Surveys, Inc.
817 Silver Spring Avenue
Silver Spring, MD 20910

Gentlemen:

Our auditors, Arthur Andersen & Company, are now engaged in an examination of our financial statements. In connection therewith, please advise them in the space provided below whether or not there is a balance due you by the Democratic National Committee as of December 31, 1979. If there is a balance due, please attach a statement of the items making up such balance.

After signing and dating your reply, please mail it directly to Arthur Andersen & Company, 1666 "K" Street, N.W., Washington, D.C. 20006. A stamped, addressed envelope is enclosed for your convenience.

Very truly yours,

Pat Whitaker

Democratic National Committee

Arthur Andersen & Co.:

Our records indicate that a balance of $ 0

was due from the Democratic National Committee at December 31, 1979 as itemized in the attached statement.

#4950*
*Auditor's note

Dated: 1/31/80 Signed: Peter Van Brunt

82040341424

A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commission, Washington, D.C.

DEMOCRATIC
NATIONAL COMMITTEE [illegible]

Janaury 30, 1980

Aero Virgin Islands Corporation
Franklin Building
Suite 34
P.O. Box 546
St. Thomas, Virgin Islands 00801

Gentlemen:

Our auditors, Arthur Andersen & Company, are now engaged in an examination of our financial statements. In connection therewith, please advise them in the space provided below whether or not there is a balance due you by the Democratic National Committee as of December 31, 1979. If there is a balance due, please attach a statement of the items making up such balance.

After signing and dating your reply, please mail it directly to Arthur Andersen & Company, 1666 "K" Street, N.W., Washington, D.C. 20006. A stamped, addressed envelope is enclosed for your convenience.

Very truly yours,

Pat Whitaker

Democratic National Committee

Arthur Andersen & Co.:

Our records indicate that a balance of $_____ was due from the Democratic National Committee at December 31, 1979 as itemized in the attached statement.

Dated:_____ Signed:_____

A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commission, Washington, D.C.

82040341425

DEMOCRATIC NATIONAL COMMITTEE

January 27, 1981

FEB - 2 1981

?

General Electric Co.
P.O. Box 15509
Baltimore, MD 21263

Gentlemen:

Our auditors, Arthur Andersen & Co., are now engaged in an examination of our financial statements. In connection therewith, please advise them in the space provided below whether or not there is a balance due you by the Democratic National Committee as of December 31, 1980. If there is a balance due, please attach a statement of the items making up such balance.

After signing and dating your reply, please mail it directly to Arthur Andersen & Company, 1666 "K" Street, N.W., Washington, D.C. 20006. A stamped, addressed envelope is enclosed for your convenience.

Very truly yours,

P. Whitaker

Democratic National Committee

Arthur Andersen & Co.:

Our records indicate that a balance of $ 27,053.01 was due from the Democratic National Committee at December 31, 1980 as itemized in the attached statement.

Dated: 2/3/81 Signed: Jack A. Hamm

3

8204034126

D.R.C. Services Corporation

NOT NEGOTIABLE

Roger Corporation
1700 Waverly Street
Philadelphia, Pa.

D.R.C. Services Corporation

NOT NEGOTIABLE

Roger Corp.
1700 Waverly St.
Philadelphia, Pa.

D.N.C. Services Corporation
GENERAL FUND

[redacted]

1366

[redacted]

Pay to the order of Magus Corp. 1700 Newcly St. Philadelphia Pa.

NOT NEGOTIABLE

[redacted]

D.N.C. Services Corporation
GENERAL FUND

[redacted]

3387

July 12 19 79

Pay to the order of Magus Corporation 1700 Newcly Street Philadelphia, Pa. 19146

NOT NEGOTIABLE

[redacted]

D.N.C. Services Corporation

[redacted]

3611

[redacted]

MB2000226

Dollars $ [redacted]

[redacted]

NOT NEGOTIABLE

[redacted]

[redacted]

Bilmer Inc

Cadwalader, Wickersham & Taft
1333 New Hampshire Avenue, N.W.
Washington, D.C. 20036

RECEIVED
81 APR 14 A8:3

820403444130

William Taylor, Esq.
Office of General Counsel
Federal Election Commission
1325 K Street, NW
Washington, D.C. 20463

82040344

Cadwalader, Wickersham & Taft
1333 New Hampshire Avenue, N.W. Washington, D.C. 20036

Charles N. Steele, Esq.
General Counsel
Federal Election Commission
1325 K Street, NW
Washington, D.C. 20463

24034413

Cadwalader, Wickersham & Taft
1333 New Hampshire Avenue, N.W. Washington, D.C. 20036

Ms. Frances B. Hagan
Office of General Counsel
Federal Election Commission
1325 K Street, NW
Washington, D.C. 20463

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS/JODY CUSTER

DATE: MAY 21, 1981

SUBJECT: MUR 1206 - Interim Investigative Report #1, dated 5-18-81; Signed 5-19-81; Received in OCS 5-19-81, 2:11

The above-named document was circulated to the Commission on a 24 hour no-objection basis at 11:00, May 20, 1981.

There were no objections to the Interim Investigative Report at the time of the deadline.

8204034133

[redacted]

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

BEFORE THE FEDERAL ELECTION COMMISSION
May 18, 1981

81 MAY 19 P2: 11

In the Matter of)
)
DNC Services Corporation,) MUR 1206
Inc. et. al.)

SENSITIVE

INTERIM INVESTIGATIVE REPORT #1

On January 13, 1981, the Commission found reason to believe that the DNC Services Corporation, Inc. and 16 corporate vendors violated 2 U.S.C. § 441a(b) when debts remained outstanding for a number of years without apparent attempts at settlement.

The Office of General Counsel has contacted each respondent to obtain information regarding the transactions allegedly constituting corporate gifts. The DNC Services Corp. requested and received an extension of time to respond. We have now received documents from them. We will review all documents regarding the transactions and report to the Commission based on our analysis.

19 May 1981
Date

Charles N. Steele
General Counsel

8204034135

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 18, 1981

Anthony S. Harrington, Esq.
General Counsel to the
Democratic National Committee
Hogan and Hartsen
815 Connecticut Ave., 7th Floor
Washington, D.C. 20006

RE: MUR 1206

Dear Mr. Harrington:

On March 17, 1981, the Commission granted your request for an extension of time to respond to the allegations found in the above-referenced matter. Accordingly, we will expect your response by April 8, 1981.

Sincerely,

Charles N. Steele
General Counsel

8204034136



Office of the General Counsel

Ford Motor Company
The American Road
Dearborn, Michigan 48121

April 1, 1981

Office of the General Counsel
Federal Election Commission
1325 K. Street, N.W.
Washington, D.C. 20463

Attention: Ms. Fran Hagen

Re: MUR 1206

Dear Ms. Hagen:

In my letter of January 26, 1981, regarding this matter, I stated that efforts were under way to recover copies of cancelled checks from our bank. Attached is a copy of one of the two checks the Company received from D.N.C. Services Corporation. Manufacturer's National Bank is unable to locate a copy of the October 3, 1979, payment check. Presumably, the Democratic National Committee Services Corporation has retained the cancelled check and would respond to a request from your office.

I would appreciate receiving a response from you indicating the status of your review of MUR 1206.

Sincerely yours,

Sally W. Staebler

Sally W. Staebler
Senior Attorney

SWS:cn
Attach.

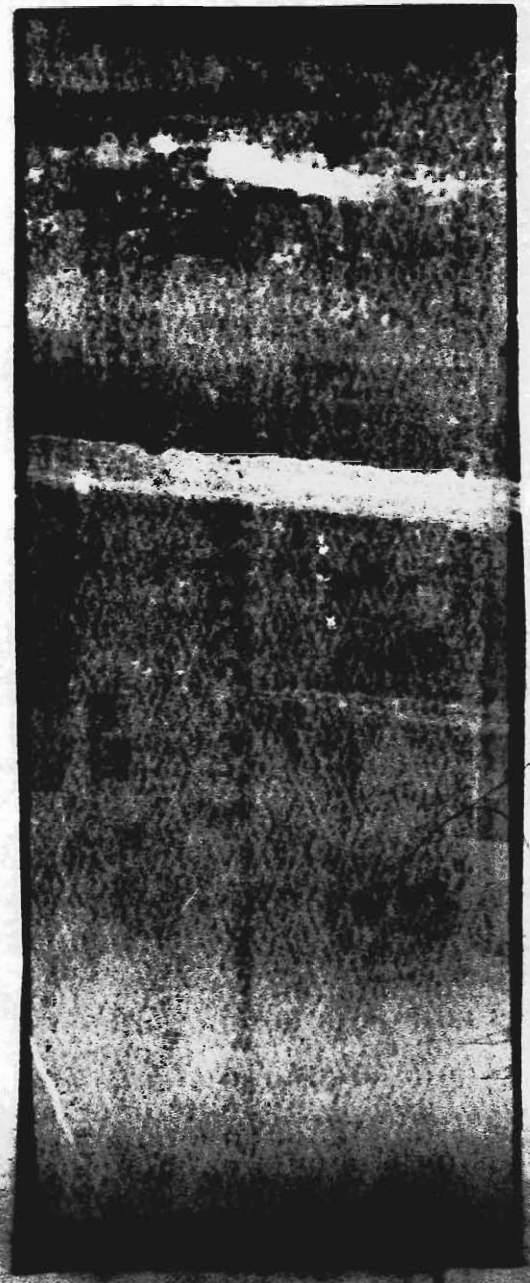
8204034138

81 APR 8 AM 10:48

RECEIVED
OFFICE OF THE
GENERAL COUNSEL

8204034413 9





RECEIVED

Ford Motor Company
The American Road
Dearborn, Michigan 48121

World Car Company

APR 1'81
MICH.
18

Office of the General Counsel
Federal Election Commission
1325 K. Street, N.W.
Washington, D.C. 20463

Attention: Ms. Fran Hagen

820403110

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 1206
Democratic National Committee)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on March 17, 1981 the Commission decided by a vote of 5-0 to take the following actions regarding MUR 1206:

1. Grant the requested extension.
2. Send the letter as attached to the General Counsel's March 12, 1981 memorandum.

Commissioners Aikens, Harris, McGarry, Reiche and Tiernan voted affirmatively in this matter.

Attest:

3/17/81
Date

Marjorie W. Emmons
Secretary to the Commission

Received in Office of the Commission Secretary: 3-12-81, 5:01
Circulated on 48 hour vote basis: 3-13-81, 2:00

6204034141

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 12, 1981

81 MAR 12 P5:01

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

MEMORANDUM

TO: The Commission

FROM: Charles N. Steele
General Counsel

SUBJECT: Extension of Time to Respond to RTB - DNC Services Corp. - MUR 1206

The newly designated counsel of the DNC has requested an additional extension of time to response to the RTB finding in MUR 1206. The new counsel, Mr. Anthony S. Harrington, requests that the due date be extended from March 13, 1981 to April 8, 1981.

Counsel has recently assumed responsibility for this matter as well as for MUR 1166, and desires the extra time to allow adequate legal analysis and to make his response. (See Attachment). Under the circumstances, the request is reasonable and we recommend granting the extension. Pursuant to Commission policy, this second request for an extended response time is brought to the Commission's attention.

Recommendation

1. Grant the requested extension.

2. Send attached letter.

Attachments

Letter from Anthony S. Harrington
Letter to Anthony S. Harrington

8204034143

March 5, 1981

HAND DELIVERED

Office of General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Attention: William Taylor
Frances Hagan

Re: MUR 1166 and 1206

Gentlemen:

On behalf of the Democratic National Committee, and in accordance with telephone conversations with William Taylor and Frances Hagan, I hereby request an extension of time in which to respond to the Commission's Notification of Reason to Believe in MUR 1166 and 1206 until April 8, 1981.

As you are doubtless aware, new officers of the DNC were just elected last Friday, February 27, and I have subsequently been asked to undertake responsibilities as general counsel to the DNC. As you can imagine, because of the departure of some DNC personnel and the process of selection of replacements, it would be extremely difficult to become sufficiently familiar with these matters to immediately formulate a proper response. We believe that the requested extension would serve the interests of both the Commission and the DNC in a prompt and satisfactory resolution of these matters. It would help to avoid an inadequately informed and analyzed response which would likely require later supplementation.

I realize that extensions have already been granted until March 6 for MUR 1166 and March 13 for MUR 1206, but I believe that the change of circumstances described above makes a further extension reasonable and necessary. I would appreciate notification of action on this request by telephone at 331-4646.

Yours truly,
DEMOCRATIC NATIONAL COMMITTEE

Anthony S. Harrington
General Counsel

ASH/clh

RECEIVED
GENERAL COUNSEL
81 MAR 5 P12:40

6204034144

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Anthony S. Harrington, Esq.
General Counsel to the
Democratic National Committee
Hogan and Hartsen
815 Connecticut Ave., 7th Floor
Washington, D.C. 20006

RE: MUR 1206

Dear Mr. Harrington:

On , 1981, the Commission granted your request for an extension of time to respond to the allegations found in the above-referenced matter. Accordingly, we will expect your response by April 8, 1981.

Sincerely,

Charles N. Steele
General Counsel

8204034145

)||

HERON BURCHETTE RUCKERT & ROTHWELL

David C. Johnson, Jr. [illegible]

[illegible]

March 6, 1981

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF THE GENERAL COUNSEL
81 MAR 9 P4:35

Federal Election Commission
Washington, D.C. 20463

Attention: Frances Hagan

Re: MUR 1206

Dear Ms. Hagan:

This will supplement my letter of February 13, 1981.

I have visited the Waldorf-Astoria and discussed the subject accounts with various individuals in the accounting office of the Waldorf-Astoria. Unfortunately, it appears that we no longer have any records whatsoever relating to these particular accounts and the information contained in this response together with the attached documents were received from counsel for DNC Services Corp.

With respect to the account in the amount of $855.26, I am enclosing with this letter copies of various collection letters sent to the Democratic National Committee and the Congressional Black Caucus attempting to collect this account. Apparently, as you will see from the correspondence, there was a dispute concerning the responsibility for certain room accounts. To the best of our recollection, the room reservations for these individual room accounts were made through DNC and the hotel initially billed DNC since the individuals did not formally check out from the hotel and indicate payment arrangements. The DNC upon receiving the statement for this account advised the hotel that they were not responsible for payment but that the hotel should contact the Congressional Black Caucus. Apparently, the Congressional Black Caucus advised the hotel that these room accounts were to be paid by DNC. The hotel continued to bill DNC for these accounts through August, 1977 and since there was a denial of responsibility and the hotel had no apparent written authority from DNC to charge these accounts to DNC, the hotel transferred the accounts from DNC to the individuals. Also, apparently

9880 Wilshire Boulevard Beverly Hills, California 90210 213/278-4321

8204034144146

the hotel was unable to recover payment from the individuals and subsequently wrote-off these individual accounts. Therefore, on the hotel's books the accounts were individual accounts that were written-off as opposed to a political account. Unfortunately, due to the date of this transaction, we do not have any records to confirm this fact. It seems to me, however, that even if there were a write-off of a political account based on a dispute about responsibility of individual accounts, such a write-off would have been commercially reasonable. I should emphasize that our Credit Manager, Gordon Trolley, has specifically advised me that it is his recollection that the write-off was of individual accounts and not an account of DNC. It is certainly quite clear to me that there was no intention of making a campaign contribution.

With respect to the account in the amount of $524.84, this apparently relates to a banquet held on June 24, 1977 in the total amount of $3,024.84. We apparently received an advance deposit of $2,500.00 leaving the balance of $524.84. We also no longer have any record concerning this account but we intend to correct the misapplication of the Democratic National Committee payment of $479.58 and apply this payment to the balance of $524.84 and bill DNC Services Corp. for the difference. I am enclosing a copy of a letter dated January 10, 1980 from DNC to the Waldorf-Astoria requesting information regarding any balances due. The balance entered on this letter in error of $479.58 was in fact the balance due of the Democratic House-Senate Council. This account was paid by DNC Services Corp. and the hotel credited this payment to the account of the Democratic House-Senate Council.

After you have had an opportunity to review this letter and my letter of February 13, 1981 together with the enclosed documents, I hope that the Commission will conclude, as I have, that the subject accounts have been handled in a commercially reasonable fashion.

If we can be of any further assistance in this matter, please let me know.

Very truly yours,

HILTON HOTELS CORPORATION

David C. Johnson

DCJ:V
Enclosure

8 2 0 4 0 3 7 4 1 4 7

2/6 (9)

January 30, 1980

Waldorf Astoria
Park Avenue at 50th Street
New York, New York 10022

Gentlemen:

Our auditors, Arthur Andersen & Company, are now engaged in an examination of our financial statements. In connection therewith, please advise them in the space provided below whether or not there is a balance due you by the Democratic National Committee as of December 31, 1979. If there is a balance due, please attach a statement of the items making up such balance.

After signing and dating your reply, please mail it directly to Arthur Andersen & Company, 1666 "K" Street, N.W., Washington, D.C. 20006. A stamped, addressed envelope is enclosed for your convenience.

Very truly yours,

Pat Whitaker
Democratic National Committee

Arthur Andersen & Co.:

Our records indicate that a balance of $ 479.58 E-35 1 was due from the Democratic National Committee at ~~December 31, 1979~~ as itemized in the attached statement.

JAN. 31 1980

Dated: 2/9/80 Signed: J. C. Corrill

A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commission, Washington, D.C.

82040344148

DEMOCRATIC
NATIONAL COMMITTEE 1625 Massachusetts Ave., N.W. Washington, D.C. 20036 (202) 797-5900

November 8, 1976

The Waldorf Astoria
301 Park Avenue
New York, N.Y. 100[illegible]

File D. 490128-8

Gentlemen:

I am returning herewith copies of room charges for Mrs. M. King and Mr. T. Moss for October 26 through October 28, which were not authorized or approved for billing to the Democratic National Committee.

These charges should be billed to the Congressional Black Caucus, 306 House Annex #1, Washington, D.C. 20515, to the attention of Barbara Williams.

Thank you for your cooperation.

Sincerely yours,

Daryl Babitz

(Ms.) Daryl Clenney Babitz
Deputy Director
Voter Registration/Get-Out-the-Vote

encl.

cc: Eric Jaffe
Barbara Williams
Cee Cee Jakovitch

n) add. chg. 11/30/76

12/1/76

#37

8204034419

8204034150

The Waldorf-Astoria
CONRAD N. HILTON, Chairman
BARRON HILTON, President
NEW YORK 10022

EXECUTIVE OFFICES

January 13, 1977

Congressional Black Caucus
Miss Barbara Williams
20515 Capitol Hill
Washington, D. C.

Re: Acct. #D-490128-8

Dear Miss Williams:

May we please enlist your assistance in obtaining recognition and payment of the enclosed accounts and listed below:

M. Hatcher	$ 59.32
Reverend S. Booker	65.43
Mrs. Coretta King	646.76
T. Moss	83.76
Total:	$ 855.27

If these accounts are to be directed to the individuals concerned please advise. Additionally, we would require the residence addresses of the Reverend Booker and Mr. M. Hatcher.

A self addressed stamped envelope is enclosed for your convenience and reply.

Very sincerely,

THE WALDORF ASTORIA

Gordon Trolley

Gordon Trolley
Credit Manager

GT/gc

The Waldorf-Astoria

NEW YORK 10022

April 5, 1977

Democratic National Committee
1625 Massachusetts Avenue, N. W.
Washington, D. C. 20036
Att: Mr. Eric Jaffe, Comptroller

Dear Mr. Jaffe:

May we again please enlist your assistance in obtaining recognition and payment of the enclosed account.

It appears the reservations were made by the Jimmy Carter Campaign Headquarters of Atlanta, Georgia. It is our understanding, in speaking to the headquarters of the Congressional Black Caucus of Washington, D. C. that the bills were to be paid by the Carter Campaign and then reimbursed by the Democratic National Committee of Washington, D. C. Unfortunately, we were not furnished with this information at the time of check out.

A self addressed stamped envelope is enclosed for your convenience and reply.

Very sincerely,

THE WALDORF ASTORIA

Fran Biro
Credit Department

FB/gc
Enc.

8204034151

The Waldorf-Astoria

A Hilton Hotel

301 PARK AVENUE/NEW YORK, NEW YORK 10022 TEL. EL 5-3000/EXT 376-7

EXT - 350

Copy of room bills enclosed.

Fran/Biro gc

PLEASE DISREGARD THIS STATEMENT IF YOU HAVE FORWARDED YOUR REMITTANCE

Democratic National Committee
1625 Massachusetts Avenue, N. W.
Washington, D. C. 20036
Att: Mr. Eric Jaffe, Comptroller

ACCOUNT NUMBER	DATE MO.	DAY	YR.
D	4	5	7

PLEASE ENCLOSE RETURN PAYMENT CARD WITH YOUR REMITTANCE

DATE	DESCRIPTION	CHARGES	CREDITS	BALANCE
10/27/6	Room 1402, Mr. Hatcher	59 32		
10/27/6	Room 1419, Reverand S. Booker	65 43		
10/27/6	Room 1409, Reverand J.Jackson	148 68	855.19	
10/28/6	Room 1382-84, Mrs. C. King	646 76		
10/28/6	Room 1382-84, Moss Mr. T.	83 75		
			AMOUNT DUE →	1,003 94

STATEMENT

6204034141522

8204034153

The Waldorf-Astoria
NEW YORK 10022

August 12, 1977

Ms. Pat Whitaker, Comptroller
Democratic National Committee
1625 Massachusetts Avenue
Washington, D. C. 20036

Dear Ms. Whitaker:

I realize how busy you are in connection with a move of your offices, and in lieu of attempting to reach you by telephone may I please enlist your early assistance in arranging recognition and payment of the enclosed accounts. As recently as August 9 I discussed these bills with Ms. Joan Lambert of the Friends of Jimmy Carter office in Atlanta who in turn indicated you are familiar with these open accounts.

Very sincerely,

THE WALDORF ASTORIA

Gordon Trolley
Credit Manager

GT:gc
Encs.

A Hilton Hotel

[redacted] "D" [redacted] 8/12/77

Democratic National Committee
1625 Massachusetts Avenue, N. W.
Washington, D. C. 20036
Att: Ms. Pat Whitaker, Comptroller

TO INSURE PROPER CREDIT TO YOUR ACCOUNT
PLEASE RETURN DUPLICATE COPY OF STATEMENT WITH YOUR REMITTANCE.

DATE	DESCRIPTION	CHARGES		
10/27/76	Room 1402, Mr. Ratcher	59.32		
10/27/76	Room 1419, Reverend S. Booker	65.43		
10/27/76	Room 1409, Reverend J. Jackson	148.68		
10/28/76	Room 1382-84, Mrs. C.King	646.76		
10/28/76	Room 1382-84, Moss Mr. T.	83.75		1,003.94 *

820403441154

STATEMENT

NOTICE: SEE REVERSE SIDE FOR IMPORTANT INFORMATION REGARDING YOUR RIGHTS TO DISPUTE BILLING ERRORS.

* LAST AMOUNT ABOVE IS BALANCE DUE

820403 4153

Rainbow Weekend

BEVERLY HILLS CALIF MAR 6 '81 $8.00

HILTON HOTELS CORPORATION
9880 Wilshire Boulevard
Beverly Hills, California 90210

EXPRESS MAIL NEXT DAY SERVICE

POST OFFICE TO ADDRESSEE

B 49593106

FROM: M. E. DAVIDSON
[illegible]
9880 Wilshire Blvd.
Beverly Hills, CA 90210

Customer Number, if any:

TO: FEDERAL ELECTION COM.
WASHINGTON, D.C. 20463
ATTN: FRANCIS HAGAN

ORIGIN:
Initials of Receiving Clerk: TH
P.O. ZIP: 90213 Box
Date in: 3/6/81
Time in: 4:15 PM
Weight: 1 Lbs.
Postage: $7.90

DESTINATION:
Date of Delivery: 3-9
Time of Delivery: 1:25
Initials of Delivering Employee: [illegible]
Signature of Addressee or Agent: [signature]
DELIVERY WAS ATTEMPTED
Date:
Time:
Notice Left By:

TO REMOVE PEEL BACK HERE

EXPRESS MAIL SERVICE

LABEL 11B JUNE 79 U.S.G.P.O. 1979-301-203

March 5, 1981

HAND DELIVERY

Office of General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Attention: William Taylor
Frances Hagen

Re: MUR 1166 and 1206

Gentlemen:

On behalf of the Democratic National Committee, and in accordance with telephone conversations with William Taylor and Frances Hagen, I hereby request an extension of time in which to respond to the Commission's Notification of Reason to Believe in MUR 1166 and 1206 until April 8, 1981.

As you are doubtless aware, new officers of the DNC were just elected last Friday, February 27, and I have subsequently been asked to undertake responsibilities as general counsel to the DNC. As you can imagine, because of the departure of some DNC personnel and the process of selection of replacements, it would be extremely difficult to become sufficiently familiar with these matters to immediately formulate a proper response. We believe that the requested extension would serve the interests of both the Commission and the DNC in a prompt and satisfactory resolution of these matters. It would help to avoid an inadequately informed and analyzed response which would likely require later supplementation.

I realize that extensions have already been granted until March 6 for MUR 1166 and March 13 for MUR 1206, but I believe that the change of circumstances described above makes a further extension reasonable and necessary. I would appreciate notification of action on this request by telephone at 331-4646.

Yours truly,
DEMOCRATIC NATIONAL COMMITTEE

Anthony S. Harrington
General Counsel

ASH/clh

8204034156

RECEIVED
FEDERAL ELECTION COMMISSION
GENERAL COUNSEL
81 MAR 6 PM 1:49

81 MAR 5 P12:40

GENERAL COUNSEL

6204054457

HAND DELIVERY

Office of General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Attention: Francis Hagen

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 26, 1981

Mr. David C. Johnson
Vice President and Assistant
General Counsel
Hilton Hotels Corporation
9880 Wilshire Boulevard
Beverly Hills, California 90210

RE: MUR 1206

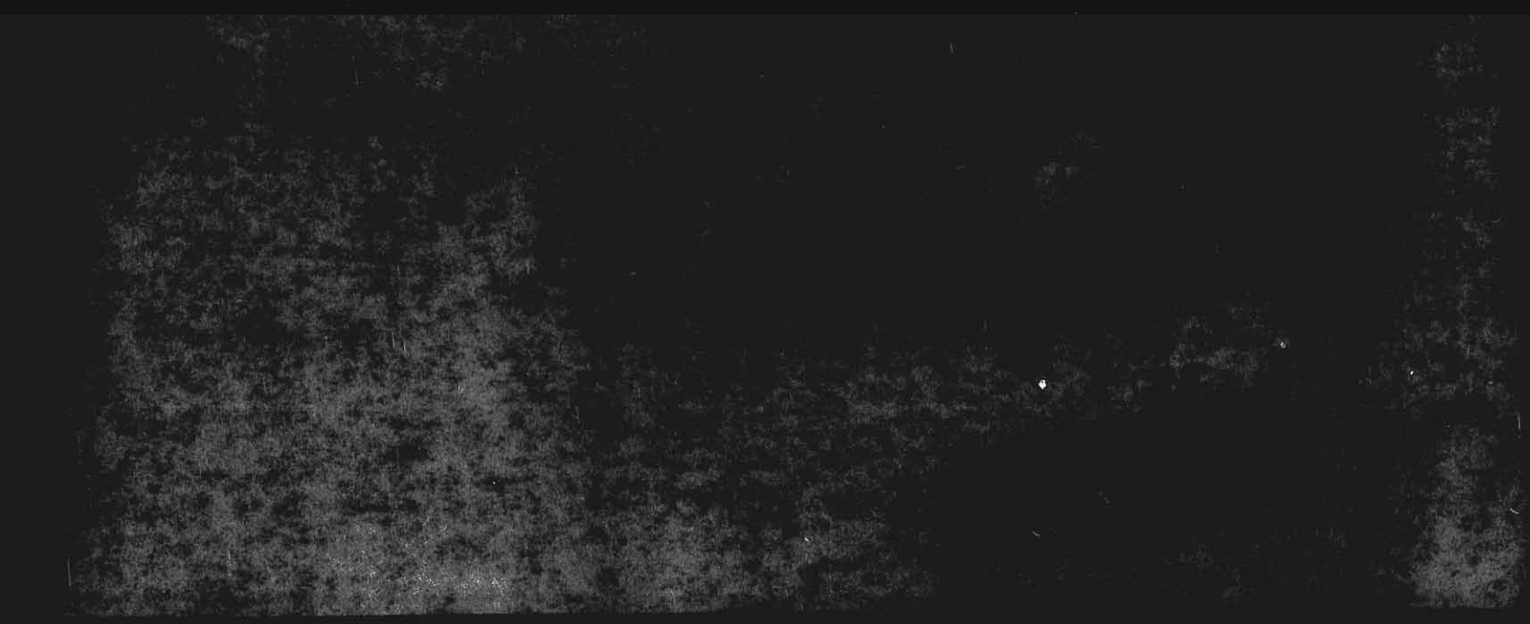
Dear Mr. Johnson:

On February 25, 1981, the Commission granted your request for an extension of time to respond to the finding against your client, the Waldorf Astoria Hotel. Accordingly, we will expect your response by March 6, 1981.

Sincerely,

Charles N. Steele
General Counsel

8204034158



BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Waldorf Astoria Hotel)

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on February 25, 1981, the Commission decided by a vote of 4-0 to take the following actions regarding MUR 1206:

1. Grant the requested extension.

2. Send the letter as attached to the General Counsel's February 20, 1981 memorandum.

Commissioners McGarry, Reiche, Thomson, and Tiernan voted affirmatively in this matter.

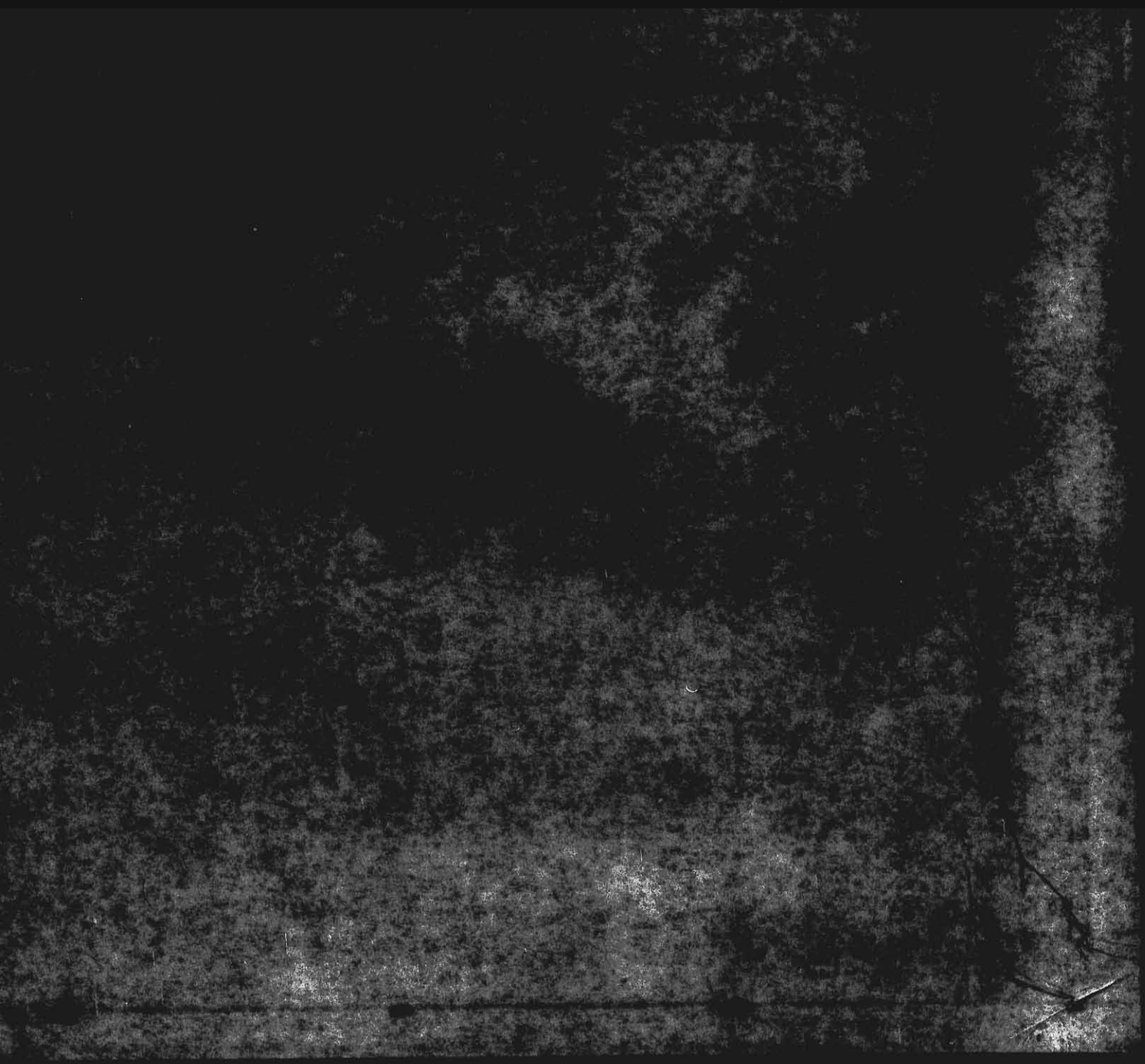
Attest:

2/25/81
Date

Marjorie W. Emmons
Secretary to the Commission

Received in Office of the Commission Secretary: 2-20-81, 1:09
Circulated on 48 hour vote basis: 2-23-81, 11:00

9204034160



RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

81 FEB 20 P3:00

February 20, 1981

MEMORANDUM

TO: The Commission

FROM: Charles N. Steele
General Counsel

SUBJECT: Request for Extension of Time to Respond to Reason to Believe - The Waldorf Astoria Hotel - MUR 1206

Counsel for the Waldorf Astoria Hotel requests an extension of time to respond to the allegation that his client violated 2 U.S.C. § 441b(a) in MUR 1206. Respondent's counsel, Mr. David C. Johnson, explains that the hotel incorrectly verified, and the DNCSC paid in error, an invoice which was apparently attributable to another Democratic organization. Hotel records for the period in question are no longer maintained. Mr. Johnson has contacted the DNCSC to obtain its records. He plans to review the matter in New York City during the week of February 23, 1981.

For these reasons, the Office of General Counsel recommends that the Commission grant the requested extension of time to respond to March 6, 1981.

Recommendation

1. Grant the requested extension.

2. Send attached letter.

Attachments

Letter to David C. Johnson

Letter from David C. Johnson

6204034162

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Mr. David C. Johnson
Vice President and Assistant
General Counsel
Hilton Hotels Corporation
9880 Wilshire Boulevard
Beverly Hills, California 90210

RE: MUR 1206

Dear Mr. Johnson:

On , 1981, the Commission granted your request for an extension of time to respond to the finding against your client, the Waldorf Astoria Hotel. Accordingly, we will expect your response by March 6, 1981.

Sincerely,

Charles N. Steele
General Counsel

8204034163

81 FEB 17 P1:51



HILTON HOTELS CORPORATION

David C. Johnson, Vice President and Assistant General Counsel

RECEIVED
FEDERAL ELECTION COMMISSION
GENERAL COUNSEL
1 FEB 17 P3:30

February 13, 1981

Federal Election Commission
Washington, D.C. 20463

Attention: Frances Hagan

Re: MUR 1206

Dear Ms. Hagan:

This is in response to the letter dated January 22, 1981 addressed to the Waldorf-Astoria Hotel from the Federal Election Commission. We discussed this matter on January 29, 1981 at which time I advised you that I would make an investigation regarding the allegations and get back to you this week. This letter will also confirm our telephone conversation today wherein you advised me that I should request an extension to respond formally to the allegations set forth in the letter of January 22, 1981. I am hereby making the request that time for our response be extended to March 6, 1981. As I explained, I will be away from the office on business for the next two weeks.

As I mentioned in our telephone conversation today, my preliminary investigation through telephone calls with various individuals at the Waldorf-Astoria and telephone calls with counsel for DNC Services Corp., indicates the following explanation. Apparently, at some time in early 1980, auditors for DNC Services Corp. contacted the Waldorf-Astoria to determine the status of any outstanding accounts. The Waldorf-Astoria apparently responded by indicating an outstanding account in the amount of $479.58. Apparently, DNC Services Corp. then paid that amount of money and the hotel assumed that there were no further outstanding obligations owed by DNC Services Corp. We know now that the hotel provided this information in error and that the account due in the amount of $479.58 was an account of the Democratic House-Senate Committee and not DNC Services Corp. I am presently attempting to determine whether

Attachment p 1

9880 Wilshire Boulevard Beverly Hills, California 90210 213/278-4321

8204034164

or not this account was also paid by the Democratic House-Senate Committee and also whether or not the amount of $479.58 was ever credited against either of the accounts.

Apparently, the Waldorf-Astoria does not have any specific records relating to any of these transactions other than possibly ledger entries. These records are not available since they fall out of the period of record retention for records of this type. I will be reviewing this matter specifically at the Waldorf-Astoria during the week of February 23, 1981. I have also been in contact with counsel of DNC Services Corp., who will be providing me with copies of collection letters that were sent by the Waldorf-Astoria to DNC Services Corp. since the hotel does not have its copies of these letters. I have also contacted counsel for the Democratic House-Senate Committee to determine the status of their account since the hotel no longer has records for this matter.

Following receipt of the foregoing information and personal examination of the records at the Waldorf-Astoria, I should be able to present a formal response to the allegations. Based on the information I have at present, however, I do not believe there was any attempt on the part of the Waldorf-Astoria to violate the letter or the spirit of the Federal Election Campaign Act of 1971.

Very truly yours,

David C. Johnson
Vice President and
Assistant General Counsel

DCJ:V

Attachment #2

8204034165

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 25, 1981

Lynda S. Mounts, Esquire
Cadwalader, Wickersham
and Taft
1333 New Hampshire Ave., N.W.
Washington, D.C. 20036

RE: MUR 1206

Dear Ms. Mounts:

On February 20 1981, the Commission granted the DNC Services Corporation an extension of time to respond to the findings of reason to believe in MUR 1206. Accordingly, we will expect your response by March 13, 1981.

Sincerely,

Charles N. Steele
General Counsel

8204034166

[redacted]

[redacted]

[redacted]

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Democratic National Committee)
Services Corporation, Inc.)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on February 20, 1981, the Commission decided by a vote of 5-0 to take the following actions regarding MUR 1206:

1. Grant the requested extension.
2. Send the letter as attached to General Counsel's February 18, 1981 memorandum.

Commissioners Aikens, McGarry, Reiche, Thomson, and Tiernan voted affirmatively in this matter.

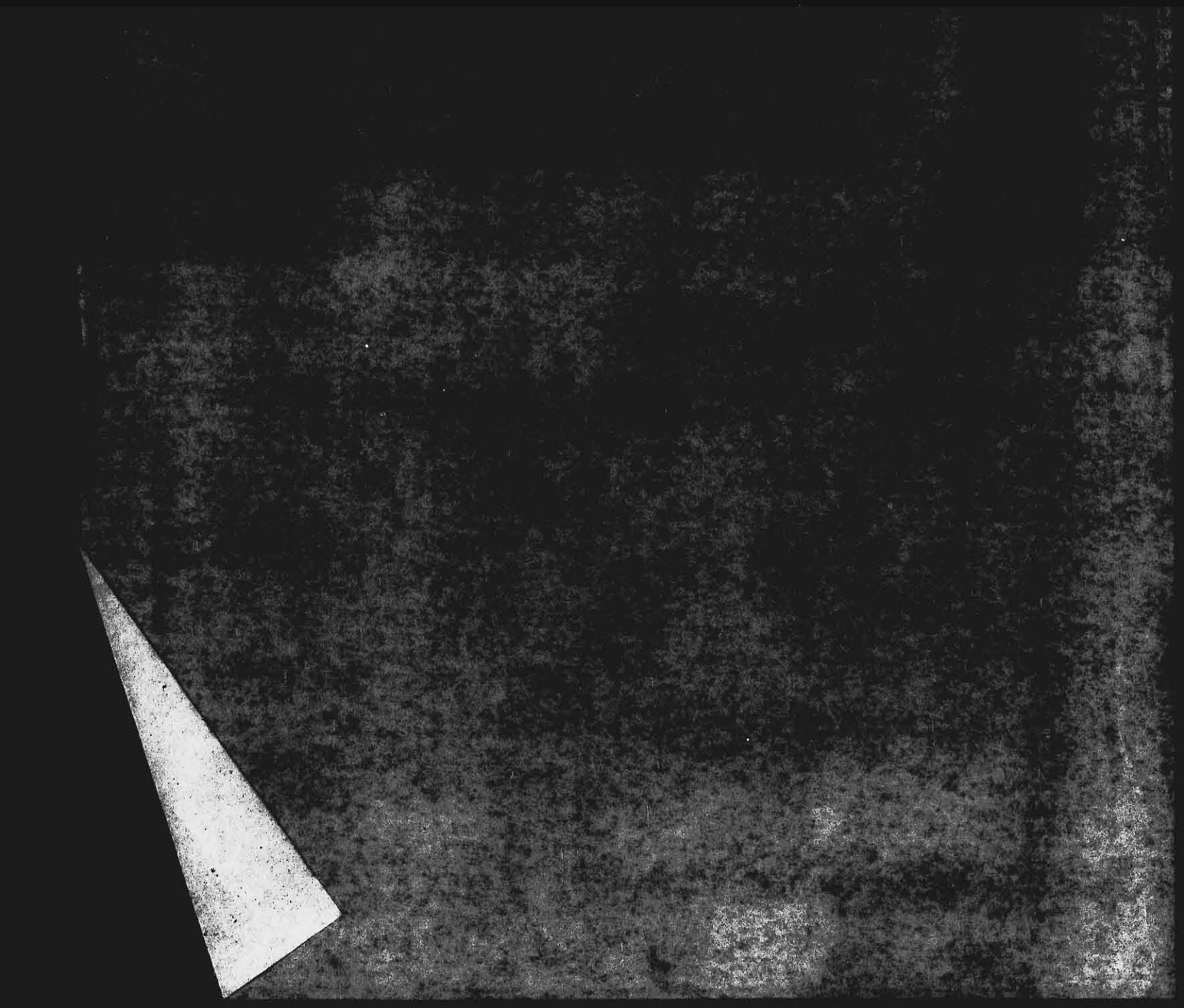
Attest:

2/20/81
Date

Marjorie W. Emmons
Secretary of the Commission

Received in Office of the Commission Secretary: 2-18-81, 9:56
Circulated on 48 hour vote basis: 2-18-81, 4:00

9204034141-68



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 18, 1981

MEMORANDUM

TO: The Commission

FROM: Charles N. Steele
General Counsel

SUBJECT: Extension of Time to Respond to RTB
The DNC Services Corp. - MUR 1206

Counsel for the Democratic National Committee Services Corp., Inc. has requested an extension of time to respond to the Commission's finding that the DNCSC violated 2 U.S.C. § 441b(a).

The allegations concern 15 vendors and outstanding debts which were incurred between 1976 and 1978. Because of the age and number of transactions, the DNCSC requests an extension of the response time to March 13, 1981. The Committee also requested a specific list of the corporate debt/contributions in question. The list has been transmitted to the Committee.

It is our opinion that the extension is warranted for the above-stated reasons. Therefore, we recommend that the Commission grant the requested extension. This memorandum supersedes any other such request by the DNCSC.

Recommendation

1. Grant the requested extension.

2. Send the attached letter.

Attachments

Letter from Lynda Mounts - Attachment I
Letter to Lynda Mounts - Attachment II

9204034170

Cleary, Gottlieb, Steen & Hamilton
1333 New Hampshire Ave., N.W.
Washington, D.C. 20036
Telephone (202) 293-6300
Telex 710-822-1934
Telecopier (202) 293-6200
Telex (202) 387-1477

RICHARD A. ALCORN
JACK ARSHMAN
WENDELL B. ALCORN, JR.
STEPHEN G. AUSTIN
JOHN BOYER
PETER MEGARGEE BROWN
WILLIAM H. CLARKE
RODNEY S. DAVAN
DANIEL C. DRAPER
STEVE C. DUNG
DAVID W. FEEHEY
F. JAY FLOCKEN
JOHN P. FRITTS
TERENCE P. GILHEANY
DONALD S. GLASCOFF, JR.
STEPHEN R. GOTTLIEB
ALAN WINSTON GRANWELL
GRANT S. HERING
LEONARD E. RUST
ROBERT C. LAWRENCE III
JAY H. MISKOWITZ
WILLIAM J. MOSES
EARL H. NEMSER
JOHN J. O'CONNOR III
ROY ALBERT POWELL
GEORGE S. REYCRAFT
EDWIN DAVID ROBERTSON
HADLEY S. ROE
HAVEN C. ROOSEVELT
STEVEN A. RUBIN
JEROME SHELBY
GERALD T. SLEVIN
RICHARD T. TAYLOR
COURTLAND W. TROUTMAN
THEODORE A. ULRICH
JONATHAN M. WAINWRIGHT
JOHN J. WALSH
MALCOLM D. WHITMAN
RICHARD J. WIENER
ARNOLD J. ZURNDER, JR.
RICHARD H. COOPER
HENRY ALLEN MARK
HORACE R. KORNSTEIN
JOHN A. SULLIVAN
ONE WALL STREET
NEW YORK, N.Y. 10005
(212) 732-3000
CABLE: LAWELLUM
TELEX: 220448/620448
940 ROYAL PALM WAY
PALM BEACH, FLA. 33480
(305) 655-8500
TWX: 810-952-7620
ROY ALBERT POWELL
RESIDENT PARTNER

February 10, 1981

BY HAND

Ms. Frances B. Hagan
Office of General Counsel
Federal Election Commission
1325 K Street, N. W.
Washington, D. C. 20463

Re: MUR 1206

Dear Ms. Hagan:

On behalf of the DNC Services Corporation (DNC), we would like to request an extension of time until March 13, 1981 to respond to the Commission's "reason to believe" notification in the above-referenced matter. As you know, the Commission raised questions concerning twenty debts to fifteen corporate entities. Although we have been reviewing DNC files and attempting to contact those involved in the transactions, we will not be able to gather the information we need to respond by February 10, 1981.

First, having reviewed the files for the vendors listed, we find that you have not provided sufficient information to allow us to identify the 20 distinct obligations that you asserted are owed to the fifteen corporate entities named. We believe the information you have provided does not constitute adequate notice of the alleged factual basis of the Commission's finding, as required by § 111.9 of the Commission's regulations. Therefore, we request that you provide us with a list of specific obligations for each vendor as well as any other identifying information you have available. Without more detail, we cannot respond fully.

RECEIVED
FEDERAL ELECTION COMMISSION
81 FEB 10 P 3:58
OFFICE OF GENERAL COUNSEL

0034171

In addition, while the DNC is attempting to gather information for this response, it also is preparing to respond to the Commission's notification letter in MUR 1166. Both involve complex matters, numerous vendors, and events that occurred some years ago. The DNC requires additional time to review and evaluate the transactions at issue in order to respond fully to both letters.

For these reasons, we request an extension of time until March 13, 1981.

Very truly yours,

Ronald D. Eastman

Lynda S. Mounts

Lynda S. Mounts

Counsel for DNC Services Corporation

2040341722

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Lynda S. Mounts, Esquire
Cadwalader, Wickersham
and Taft
1333 New Hampshire Ave., N.W.
Washington, D.C. 20036

RE: MUR 1206

Dear Ms. Mounts:

On , 1981, the Commission granted the DNC Services Corporation an extension of time to respond to the findings of reason to believe in MUR 1206. Accordingly, we will expect your response by March 13, 1981.

Sincerely,

Charles N. Steele
General Counsel

6204034173

9204034417 4

HILTON

David C. Johnson, Vice President, Assistant General Counsel

RECEIVED
OFFICE OF THE
GENERAL COUNSEL
81 FEB 17 P3:30

February 13, 1981

Federal Election Commission
Washington, D.C. 20463

Attention: Frances Hagan

Re: MUR 1206

Dear Ms. Hagan:

This is in response to the letter dated January 22, 1981 addressed to the Waldorf-Astoria Hotel from the Federal Election Commission. We discussed this matter on January 29, 1981 at which time I advised you that I would make an investigation regarding the allegations and get back to you this week. This letter will also confirm our telephone conversation today wherein you advised me that I should request an extension to respond formally to the allegations set forth in the letter of January 22, 1981. I am hereby making the request that time for our response be extended to March 6, 1981. As I explained, I will be away from the office on business for the next two weeks.

As I mentioned in our telephone conversation today, my preliminary investigation through telephone calls with various individuals at the Waldorf-Astoria and telephone calls with counsel for DNC Services Corp., indicates the following explanation. Apparently, at some time in early 1980, auditors for DNC Services Corp. contacted the Waldorf-Astoria to determine the status of any outstanding accounts. The Waldorf-Astoria apparently responded by indicating an outstanding account in the amount of $479.58. Apparently, DNC Services Corp. then paid that amount of money and the hotel assumed that there were no further outstanding obligations owed by DNC Services Corp. We know now that the hotel provided this information in error and that the account due in the amount of $479.58 was an account of the Democratic House-Senate Committee and not DNC Services Corp. I am presently attempting to determine whether

9880 Wilshire Boulevard Beverly Hills, California 90210 213/278-4321

or not this account was also paid by the Democratic House-Senate Committee and also whether or not the amount of $479.58 was ever credited against either of the accounts.

Apparently, the Waldorf-Astoria does not have any specific records relating to any of these transactions other than possibly ledger entries. These records are not available since they fall out of the period of record retention for records of this type. I will be reviewing this matter specifically at the Waldorf-Astoria during the week of February 23, 1981. I have also been in contact with counsel of DNC Services Corp., who will be providing me with copies of collection letters that were sent by the Waldorf-Astoria to DNC Services Corp. since the hotel does not have its copies of these letters. I have also contacted counsel for the Democratic House-Senate Committee to determine the status of their account since the hotel no longer has records for this matter.

Following receipt of the foregoing information and personal examination of the records at the Waldorf-Astoria, I should be able to present a formal response to the allegations. Based on the information I have at present, however, I do not believe there was any attempt on the part of the Waldorf-Astoria to violate the letter or the spirit of the Federal Election Campaign Act of 1971.

Very truly yours,

David C. Johnson
Vice President and
Assistant General Counsel

DCJ:V

20403417 5

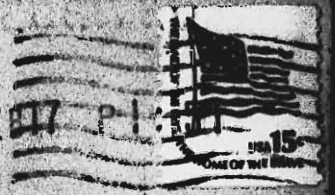
820403 4170



HILTON HOTELS CORPORATION

9880 Wilshire Boulevard
Beverly Hills, California 90210





Federal Election Commission

Washiington, D.C. 20463

Attention: Frances Hagan

ADD 15 MUR 1206
RECEIVED
81 FEB 19 P

The Sheraton Corporation

DAVID T. RICH
VICE PRESIDENT &
ASSISTANT GENERAL COUNSEL

February 17, 1981

Frances B. Hagan, Attorney
Federal Election Commission
1325 K Street, NW
Washington, DC 20464

Dear Ms. Hagan:

As we discussed, the letter from the Federal Election Commission to the Sheraton Washington Hotel (formerly the Sheraton Park) dated January 22, 1981 has been turned over to me for response. The letter did not give specific information with respect to the alleged violation as it pertains to the Sheraton Park Hotel.

I had a conversation with Kenneth Gross in your absence; and, after checking, he indicated to me that the question with respect to the Sheraton Washington Hotel related to an expenditure of $262.73 and a date of July 18, 1978. This information was apparently gleaned from the audit of the books of the Democratic National Committee Services Corporation.

At my request, the Controller of the hotel has made an examination of his records during the latter part of 1978 and into early 1979 and was able to find nothing that corresponded to the entry in the DNC's books.

As I indicated to you over the telephone, we would be willing to make an additional search if further specific information were available, but apparently it is not. Because we cannot provide details about this precise situation, I have indicated to you over the telephone the procedures followed at the hotel with respect to political accounts, which we believe are appropriate, and offered to confirm them to you in writing. It would be reasonable to assume these procedures were followed in the case at hand.

The Sheraton Washington Hotel's policy with respect to political accounts is to obtain prepayment for a particular function based on a reasonable estimate of the food, beverage, and other services to be consumed. Occasionally, because there are extra people at the function, an additional balance is incurred on an open account, which seems to be the case here. In this event, the open account is treated in the same manner as any open account. Telephone calls will be made if the account is not paid on a timely basis, followed by registered mail letters. In the ordinary course, an account would be written off after approximately 120 days, if these efforts did not

8204034177

617/367-3600 • SIXTY STATE STREET, BOSTON, MASSACHUSETTS 02109

succeed in inducing payment. Depending on a number of circumstances, including the size of the account, the matter might be put into the hands of a lawyer or a collection agency for legal proceedings. Where the account is a very small one, as in this case, such a step would not be practical.

The Controller of the hotel, who has been at the property for many years and who is thoroughly familiar with the procedures involved here, assures me that there would be no reason to believe that procedures similar to the above were not followed in this case.

The hotel is sensitive to the issues involved here and to the letter and principle of the Federal Campaign Act of 1971.

You have indicated you will take this letter under advisement and make your recommendation to the Commission with respect to this matter. Please, as we discussed, let me know the position you intend to take.

I trust this information is helpful to you and will serve to indicate that Sheraton Washington Hotel follows appropriate procedures with respect to political accounts.

If you need any other information at this point, please let me know.

Very truly yours,

David T. Rich

DTR/eh

6204034178

The Sheraton Corporation
60 STATE STREET, BOSTON, MASSACHUSETTS 02109

Frances B. Hagen, Attorney
Federal Election Commission
1325 K Street, NW
Washington, DC 20464

12 FEB 79 11

62040341179

General Electric
Information Services
Company

401 N Washington Street, Rockville, Maryland 20850 (301) 340-4000

February 2, 1981

RECEIVED
OFFICE OF THE
GENERAL COUNSEL
81 FEB 13 AM 8:37

REGISTERED MAIL
RETURN RECEIPT REQUESTED

Hon. John Warren McGarry
Chairman
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1206

Dear Chairman McGarry:

We are in receipt of your January 22, 1981 letter notifying us of the Federal Election Commission's January 13, 1981 determination that there is reason to believe that General Electric Company violated the Federal Election Campaign Act of 1971 by making a contribution to the Democratic National Committee Services Corporation, whose account was assigned by General Electric Company to General Electric Information Services Company on January 1, 1979. The alleged violation is based upon the DNC's inability to produce evidence of efforts to obtain payment of amounts owing by the DNC, leading to the conclusion that such amounts were intended to be contributions to the DNC.

We unequivocally deny any failure on our part to make a commercially reasonable attempt to collect all amounts owed to us by the DNC, and welcome this opportunity to submit the following enclosed copies of correspondence which evidence the vigorous collection efforts which were made throughout 1978 and early 1979:

1. January 6, 1978 letter from Rita L. Kaplan to Richard Harden.

2. January 10, 1978 memorandum from Kenneth M. Curtis to J.D. Nelson.

3. January 31, 1978 letter from William P. Booth to Joel McCleary.

8204034180

4. April 27, 1978 letter from James W. Spencer to John C. White.

5. June 21, 1978 letter from J.A. Hanson to J.D. Nelson.

6. July 12, 1978 letter from J.A. Hanson to L.B. Ramer.

7. August 3, 1978 letter from J.A. Hanson to Evan Dobelle.

8. August 15, 1978 letter from David Phelps to J.A. Hanson.

9. August 18, 1978 letter from J.A. Hanson to W.P. Booth and C.M. Harp.

10. August 30, 1978 letter from William P. Booth to J.A. Hanson.

11. December 26, 1978 memorandum to file by Walt Lees.

12. December 26, 1978 letter from C.M. Harp to David Phelps.

13. January 19, 1979 letter from C.M. Harp to David Phelps.

8204034181

The failure of the DNC to respond to Mr. Harp's many telephone calls or his January 19, 1979 letter to Mr. Phelps made it apparent in early 1979 that further efforts to negotiate a settlement of our claim without resorting to the initiation of a formal legal action would be unavailing. As discussed throughout the enclosed correspondence, the validity of the claim was in serious dispute. A lawsuit would have involved difficult questions of fact and issues of proof, substantial litigation expenses, diversion of management time and attention, no assurance of prevailing, and possible exposure to commercially adverse publicity. Moreover, even if we did succeed in obtaining a judgment, there would appear to have only been a slim likelihood of collection of the judgment because of the DNC's shaky financial condition. Under the circumstances, a commercially reasonable decision was made not to resort to ligitation in furtherance of our collection efforts. In effect, we decided not to throw good money after bad. The fact that we were unable to work out an amicable resolution of the dispute with the DNC, however, despite our vigorous efforts, hardly supports the

January 6, 1978

Mr. Richard Harden
Special Assistant to the President
The White House, West Wing
1600 Pennsylvania Avenue
Washington, D. C. 20500

Dear Mr. Harden:

The General Electric Information Services Division appreciates your attention regarding the outstanding invoices for the Democratic National Committee.

As you discussed with Mr. William Booth, Capital Branch Manager, I have reviewed the October and November invoices for timesharing usage by and for the Democratic National Committee; a breakdown of expenditure is attached, reflecting GE development usage and DNC usage. The DNC usage, particularly in November, was comprised of the actual data loading as well as the production of several large reports.

I have reviewed the DNC personnel activity with their General Electric technical representative. It is our assessment that current DNC personnel uses your programs expertly and efficiently. However, substantially more work (report production) is being initiated and produced than was included in original operating estimates.

The costs for entering your initial data, and the system development costs are one-time investments in your on-going system. Beginning in 1978, charges will reflect only the update information and production of requested reports. To monitor monthly billing more effectively, I suggest that easily identifiable project ID's be mandatory for all activities.

If you have further questions on these invoices, please contact me. I look forward to a prompt resolution of any difficulties so that we may concentrate on providing responsive service to the DNC.

Sincerely,

Rita L. Kaplan
Senior Account Representative

RLK:dla

cc: W. Booth, Capital Branch Manager
J. Demerly, Credit & Collection

Attachment

0 2 0 4 0 3 4 1 8 2

8204030183

OCTOBER

Invoice # 384420

INC DATA LOADING AND REPORTS (Storage Included)	GE DEVELOPMENT
$ 701.83	$ 36.79
66.65	6,609.00
.93	1.02
489.96	15.08
1,722.77 (Reports)	
$2,982.14	$6,661.89

NOVEMBER

Invoice # 398879

INC DATA LOADING AND REPORTS (Storage Included)	GE DEVELOPMENT
$ 438.09	$ 43.78
369.17	2,484.66
250.66	471.56
5.78	8.55
1.81	108.69
56.73	12.46
2,864.63	.33
12.53	.80
98.20	139.64
3.52	
3.25	$3,269.67
21.60	
255.87	
1,200.27	
3,803.84	
39.20	
$9,420.16	

DEMOCRATIC
NATIONAL COMMITTEE 1625 Massachusetts Ave., N.W.

January 10, 1977

MEMO TO: J.D. Nelson – Admin. Asst. to Treas. DNC

FROM: Kenneth M. Curtis – Chairman and Treasurer

SUBJECT: General Electric Company
Information Services Business
Division Billings

This is to instruct you to make no further payments to the above captioned company until a complete and thorough explanation is received that justifies services rendered for amounts billed.

This charge which is still escalating is unconscionably above the $2,000 per month quoted by this company.

RECEIVED
JAN 18 1977
CREDIT & COLLECTION

cc: General Electric Company ✓
Joel McCleary – Treas DNC

LBC
We Received in Trans. Mail. Cust owes 40.2 M as of 12/31/77. Do you know if Mr Cates Contacted Mr R Harvin DNC + what action now need to be taken.

JBM.
1/16/78

RECEIVED
JAN 16 1978
CREDIT & COLLECTION

RECEIVED
JAN 16 1978
L. B. RAMER

8204034184

inference that by failing to succeed in such efforts we intended to make a contribution to the DNC.

Further evidence that GE never intended to make a contribution to the DNC is the fact that because of the DNC's poor credit rating and payment history, GE insisted as a condition precedent to undertaking to provide services to the DNC that it provide security for the performance of its payment obligations in connection with such services. This was accomplished by the enclosed copy of the DNC's July 18, 1977 assignment to GE of a security interest in a $5,000 Certificate of Deposit issued to the DNC by Maryland National Bank. The proceeds of this Certificate of Deposit were received by GE and applied by it against payment of the DNC's account on August 4, 1978. A photocopy of the $5,000 cashier's check from Maryland National Bank to GE, dated August 4, 1978, is enclosed herewith. This payment was in addition to $6,835.32 in payments made by the DNC during 1977.

We submit that the foregoing amply demonstrates that commercially reasonable attempts were made to collect our billings to the DNC, that there was never any intent to make a contribution to the DNC, and that no further action should be taken against either General Electric Company or General Electric Information Services Company. We trust that the Commission will agree.

If after reviewing this letter and its enclosures there remain any questions regarding this matter, we would be pleased to meet with you or Ms. Hagan to address such questions.

Very truly yours,

David Sherman
Vice President and
General Counsel

/eas

Enclosures

cc: Frances B. Hagan
(with enclosures)

82040341485

GENERAL ELECTRIC

INFORMATION SERVICES

GENERAL ELECTRIC COMPANY, 1050 17TH ST., SUITE 400, WASHINGTON, D.C. 20036
Phone (202) 223-6565

January 31, 1978

Mr. Joel McCleary
Treasurer
Democratic National Committee
1625 Massachusetts Avenue, N.W.
Washington, D. C. 20036

Dear Mr. McCleary:

Over the past two months, there has been considerable discussion about the Contribution & Reporting System that is currently operational on the General Electric Information Services MARK III International Remote Computing Network. On Thursday, January 26, Mr. James W. Spencer, Southeast Region Manager of General Electric Information Services and I met with Mr. Richard Harden to review this situation. The purpose of this letter is to provide you with a review of that meeting as well as:

- Provide an understanding of why the past costs have exceeded the original estimates,
- Recommend a future operating methodology and an updated cost estimate,
- Summarize the benefits of the CARS System.

PAST SITUATION:

GE Information Services originally proposed the development of the CARS System at no personnel cost for programming. Between September 1 and November 15, GE Information Services was actively involved in the actual computer utilization development part of the CARS System. Between November 15 and the present, the Democratic National Committee has been actively involved in the conversion, loading and clean up of the original data base as well as generating valuable operational reports. Our original estimates of developmental time and cost were considerably exceeded due to many technical, operational and administrative factors. Our assessment of responsibility for these costs are as follows:

	GE Development	DNC Processing
October	$ 8,404	$ 1,722
November	4,469	8,220
December	5,844	12,699
	$18,717	$22,641

GRAND TOTAL - $41,358

C20040341-86

In addition, the estimated processing for January is $10,000. The main reason that the on-going processing costs are high is that the DNC has been using the system differently than was originally specified, and this is evidenced by the December and January processing. For example:

12/6/77 --	$600	-	Ad Hoc inquiries and reporting
12/7/77 --	$110	-	(9 updates and Ad Hoc reports)
	140	-	(Ad Hoc inquiries and reports)
	$250		
12/8/77 --	$130	-	(17 updates)
	295	-	(11 updates, 12 Ad Hoc inquiries)
	$425		
12/28/77 --	$165	-	(15 updates)
	232	-	(Ad Hoc inquiry and reports)
	$397		
1/4/78 --	$ 1	-	(Update)
	127	-	(Ad Hoc reports)
	$128		
1/5/78 --	$ 11.70	--	(Updates)
	314.30	-	(Ad Hoc Reports)
	$326.00		

2040344187

It is our opinion that the reasons for the cost overruns on this project have been due to low initial estimates for the development processing in terms of cost and time, project management difficulties on the part of General Electric, and thirdly, the changed use of the system by the Democratic National Committee from original specifications.

Mr. Spencer and Mr. Harden agreed that a settlement on the original developmental costs would be resolved and they would negotiate that settlement.

It is our opinion that the operating costs currently being experienced by the DNC for the use of the CARS System are not reflective of the costs if the system were used as proposed. Therefore, we make the following recommendations:

- General Electric Information Services is prepared to instruct the Democratic National Committee on operational use of CARS as it was originally proposed. This training will include an in depth review of the existing operations guide with the members of your staff.

- General Electric Information Services will also prepare a well-documented efficiencies guide that will, on a step-by-step basis, instruct the Democratic National Committee how to use MARK III Services and the CARS System in the most cost effective manner.

- General Electric Information Services will assist the Democratic National Committee in establishing CARS usage monitoring procedures.

The net result should reduce the monthly operating costs to $3,500 to $4,000 based upon a file size of 2,200 records and no Ad Hoc reporting. General Electric Information Services and Arthur Andersen & Company feel that these costs might further be reduced to $2,700 to $3,500 a month if large production-run reports are run once per month instead of twice a month on a deferred output basis.

FUTURE OPTIONS:

- The operational costs could range from a low of $2,700 per month based on a current data base of 2,200 records to a high of $5,000 a month based on 5,000 records (excluding Ad Hoc reporting) if the following efficiencies are adopted:

  1. Update once a day on an over-night basis with over-night processing to achieve significant cost savings.

  2. Process production runs on an over-night basis to achieve significant cost savings.

  General Electric Information Services recommends that the Democratic National Committee implement the above cost savings procedures prior to further processing.

- The DNC may opt to have the General Electric Custom Applications Organization evaluate the current system with the thought of rewriting CARS as a remote batch system. CAO would provide a conversion cost estimate as well as operational estimates. The DNC could then weigh the impact on cost, flexibility and convenience between on-line and remote batch approaches to processing.

BENEFITS OF DNC CONTRIBUTION ACCOUNTING & REPORTING SYSTEM

General Electric Information Services perceives the following benefits of the CARS System as they relate to the DNC:

- CARS provides the ability to track contributions to effect a smooth and reliable inflow of contributions to the DNC.

- CARS maintains detailed background information and contribution histories on all contributors to the National Finance Council.

8204031418

- CARS provides reports necessary to properly administer the NPC contribution program.
- CARS maintains timely information on contributors.
- CARS is modularly designed to afford expansion of the system with minimal effort and cost.
- CARS could significantly reduce clerical effort (1 person half-time, estimated by Arthur Andersen & Company, to maintain the system).
- CARS provides for Ad Hoc inquiry and virtually unlimited selection criteria.
- CARS is user oriented.

In summary, General Electric Information Services and members of the Democratic National Committee and Arthur Andersen and Company believe that the DNC can continue to realize the aforementioned benefits of the CARS System at a resonable cost when our efficiencies recommendations are adopted. We would appreciate your continued support of this project and look forward to a long and mutually beneficial business relationship.

Cordially,

William P. Booth

William P. Booth
Manager, Capital Sales Branch

WPB:dla

cc: R. Harden
S. Berman
J. Lambert

GENERAL ELECTRIC

GENERAL ELECTRIC COMPANY....1600 CENTURY BOULEVARD, N.E. SUITE 300
ATLANTA, GEORGIA 30345, Phone (404) 325-1622

INFORMATION SERVICES

April 27, 1978

Mr. John C. White
Chairman
Democratic National Committee
1625 Massachusetts Avenue, N.W.
Washington, D.C. 20036

Dear Mr. White:

For the past seven months, General Electric Information Services has been providing remote computing services to the Democratic National Committee.

On January 26, 1978, I met with Mr. Richard Harden, Special Assistant to the President, to review our business relationship. This discussion primarily concentrated on how General Electric and the Democratic National Committee could settle past due invoices in excess of $50,000. Since that discussion, there has been little progress in reaching any type of settlement. I spoke wih Mr. Harden on April 20, 1978. He suggested that I contact you to request your assistance in recommending an individual that can meet with us to negotiate an equitable settlement.

I would appreciate it if you would make such a recommendation so that we may bring this matter to a close. I will be contacting you on May 5 to determine who we should be talking with.

Thank you in advance for your cooperation.

Cordially,

James W. Spencer
Manager, Southern Region

JWS/jh

cc: J. Hanson
W. Booth
W. Friedmann
R. Harden

RECEIVED
MAY 03 1978
CREDIT & COLLECTION

b20403419O

June 21, 1978

Mr. J. D. Nelson
Democratic National Committee
1625 Massachusetts Avenue, N.W.
Washington, D.C. 20036

Subject: COMPUTER TIME-SHARING ACCOUNT #48037
Balance Due = $52,815.00

Dear Mr. Nelson:

I am writing you this letter in an attempt to expedite the resolution of the problems which are preventing payment of the subject amount. John White advised Jim Spencer (Manager of our Southern Region) that you are the individual within the Democratic National Committee who has been assigned responsibility for attempting to solve these problems. Bill Booth (our local Capital District Manager), as the result of Jim Spencer's instructions, contacted you in order to set up a meeting at which time a settlement could be negotiated. Bill advised me that several attempts by him to establish a meeting with you have been unsuccessful. I have no doubt that a major contributing factor to this delay has been the busy schedule of all parties concerned. However, I am sure you can understand our concern when you consider the balance shown above represents invoices dated from October, 1977 through May, 1978, and the balance is increasing monthly by $1,023 due to program storage charges.

I sincerely hope you will agree with me that it is important a meeting between the Democratic National Committee and General Electric Company be held as soon as possible. Please accept this letter as General Electric Company's request that a meeting with all interested parties in attendance be held prior to June 30, 1978. In addition to resolution of the subject amount, we request that you be prepared to review the attached $5,000 Certificate of Deposit which you have assigned to the General Electric Company. Upon receipt of this letter, please contact me directly to establish a date for the meeting.

Very truly yours,

J. A. Hanson, Manager
Credit and Collection

JAH/nsl
Attachments
cc W. P. Booth
E. Dobelle
R. Harden
C. M. Harp
L. B. Ramer
J. W. Spencer
J. C. White

8204034191

4435 July 12, 1978 C. M. Harp

DEMOCRATIC NATIONAL COMMITTEE (DNC)

TO: L. B. Romer, Manager
Finance Operation

On July 11, 1978 I contacted J. D. Nelson (Administrator of the subject) as arranged during our meeting last week. He advised me he met with John White (Chairman) and Evan Dobelle (Treasurer) on Monday night, July 10, 1978. They discussed our agreement whereby DNC would pay $35,000 of the $54,000 outstanding June 30, 1978 balance.

Mr. Nelson advised that John White stated from a contractual standpoint they owe the money, however, both John White and Evan Dobelle do not understand if they pay the $35,000 what they would be paying for. Almost all the people that were involved with our service are no longer employed by DNC.

Mr. Nelson advised me that he suggested in response to John White's and Evan Dobelle's concern that Mr. Dobelle and I meet to discuss the matter. As a result of this suggestion, I have contacted Mr. Dobelle's office and have set up a meeting for the afternoon of Wednesday, July 26, 1978 with Mr. Dobelle, Bill Booth and myself.

As you recently requested, please find attached copies of documents from our Credit and Collection file in regards to the $19,000 credit. This credit was originally offered to the subject in the attached January 31, 1978 letter from Bill Booth to Joel McCleary who was then the Treasurer of DNC.

J. A. Hanson, Manager
Credit and Collection

JAH/nsl

Attachments

8204034192

8204074193

August 3, 1978

Mr. Evan Dobelle, Treasurer
Democratic National Committee
1625 Massachusetts Avenue, Suite 400
Washington, D.C. 20036

Dear Mr. Dobelle:

I appreciate very much your meeting with Bill Booth and me to discuss the outstanding June 30, 1978 balance in the amount of $53,838.05. This is to confirm that you accept our offer of a $18,717.00 credit and that you agree to the payment of the remaining balance of $35,121.05. You also agreed to our taking the proceeds from the one year $5,000 Certificate of Deposit #I-17881 dated July 22, 1977 and applying it to this remaining balance.

We briefly discussed your financial condition, and you advised a reasonable payout schedule would be established early next week to pay the $30,121.05 balance. We agreed that I would contact J. D. Nelson next Tuesday morning to discuss this further.

As we explained to you, your programs and data were transferred in July to "archival storage". This will result in a $100 per month charge to the Democratic National Committee. To eliminate this monthly charge, I would recommend your reviewing your needs and making a decision as soon as possible as to whether you want to remain on our service.

Should you need any further information, please contact me directly.

Very truly yours,

J. A. Hanson, Manager
Credit and Collection

JAH/nsl

cc W. P. Booth
J. D. Nelson

bcc L. B. Ramer
J. W. Spencer

Blind note to LBR: During our meeting, Evan Dobelle stated DNC is in serious financial condition. He was concerned about the $100 per month charge. I would not be surprised that they come back to us with a payout schedule of $1,000 per month for the next 30 months. For my benefit, I am sure, Evan told me last week he visited Frank Borman, Eastern Airlines (who they owe $288,000). Evan said he gave them a $5,000 check as payment on account. Throughout our conversation, Evan kept dropping R. H. Jones' name, particularly, when he discussed several campaign fund raising dinners that are scheduled for the Fall. I will try to work out the best payout schedule possible, but I will be handicapped unless we want to take a very strong position.

DEMOCRATIC
NATIONAL COMMITTEE 1625 Massachusetts Ave., N.W. Washington, D.C. 20036

August 15, 1978

Mr. J. A. Hanson
General Electric Information Services
401 N. Washington Street
Rockville, MD 20850

Dear Mr. Hanson:

Before we finalize our agreement with regard to the amount of credit on the balance owed, we would like to have a more complete breakdown of the invoices relating to "GE Development" and "DNC Processing". I offer the following example to illustrate why we feel that GE has underestimated the "development cost".

In the January 31, 1978 letter Mr. William P. Booth sent, he indicated that GE spent $5,844 on development cost during December. A review of the December invoice indicates that the cost of 7234 "program storage units" was $5,787. He must assume that a significant number of the 74,322 "computer resource units" at a cost of $8,918 related to the development of these programs and should be included in the "GE Development Cost" and not billed to the DNC.

We would like a more complete breakdown of the invoices for October, November, and December, 1977 and January 1978 in order to make our own estimate of the development costs.

In addition, we would like to point out statements made by GE in their proposal to the Democratic National Committee page no. 33 as follows:

"Since implementation will be carried out on a Time and Materials basis, it should be noted that the following estimate of personnel time and MARK III service development costs represent a best approximation and should not be construed as a guarantee or upper limit. General Electric will notify DNC as soon as practicable if an estimate will be exceeded, in which case DNC may either terminate the agreement, paying only for charges incurred to that time, or increase the authorized funding and/or time to complete the job.

RECEIVED
AUG 17 1978
CREDIT & COLLECTION

8204034194

A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commision, Washington, D.C.

Note that all development work will be performed in DNC's catalog, and DNC will be billed directly in accordance with the terms of the Agreement for Computer Services.

We were not notified that costs were going to be approximately $12,000 per month during the four month period in question which obviously exceeded the $2,200 per month estimate.

Sincerely,

David Phelps
Administrator

DP/sm

8204034419 5

[redacted]

[redacted] 8273-4435 DATE August 16, 1978 [redacted] L. D. Hamer
J. W. Spencer

[redacted] DEMOCRATIC NATIONAL COMMITTEE (DNC)
— Washington, D.C.

TO: W. P. Booth, Manager
Capital District

C. M. Harp, Manager
C&C Customer Accounts

Since our August 2, 1978 meeting with Evan Dobelle (Treasurer) and J. D. Nelson (Administrator), Mr. Nelson advised me that he was leaving DNC and that I should contact David Phelps who works for Evan Dobelle. I spoke with David once on August 11, 1978 regarding the payment schedule for the remaining outstanding balance, and he advised me that he had not gotten together with Chairman White for him to approve the schedule. David requested I call him on August 14th. I tried to reach David twice, but was unable to do so and now I have received the attached August 15, 1978 letter. Of interest, David is now the new Administrator.

My initial reaction to the letter was that we went over this matter with Mr. Nelson and Evan Dobelle and reached an agreement (which I confirmed in my August 3rd letter), and we do not want to get involved in another discussion on the matter. However, I do feel if we take this approach we stand a good chance of not getting paid. I feel we should answer David's questions. I request you review the attached letter and give me your position as soon as possible so I can respond. Bill, can you provide me with further details (amount of PSU's, CRU's, etc.) supporting our credits for each month. I do not have a copy of our proposal so I cannot comment on the "$2,200 per month estimate". Did we quote a $2,200 per month processing cost to run the "CARS" system.

J. A. Hanson, Manager
Credit and Collection

JAH/nsl

Attachment

8204034196

GENERAL ELECTRIC

Information Service Sales Department
1000 17th St., NW—Suite 400
Washington, D.C. 20036

DIAL COMM: 8*272- DATE: August 30, 1978 COPIES: L. B. Ramer
J. W. Spencer

SUBJECT: Democratic National Committee

To: J. A. Hanson, Manager Credit and Collection

From: W. P. Booth, Manager Capital District

I was surprised to receive your letter and the attached letter from David Phelps of the Democratic National Committee. I thought that we had once and for all put this one to bed. Obviously Phelps has not been brought up to date on this situation. I feel that my letter of January 31, 1978 to Joel McCleary as well as Jim Spencers' letter of January 26 to Richard Harden, explains the situation quite adequately.

Members of my staff as well as yours, have spent considerable time in trying to accommodate these people and each time someone leaves the organization we start all over again.

The dollar amounts that were attributable to G.E. and the D.N.C. were arrived at by examining the invoices of October, November and December of 1977 where we were still involved in the development, and by identifying the prior project ID. The heavy usage of the system by the D.N.C. started in November.

If you feel a more complete breakdown on these invoices is necessary, I can make Kathy Turner, the Senior Technical Representative who developed the system, available for a few hours, to review with you where the D.N.C. was using the system and where we were developing the system.

I recognize that we did a less than adequate job of managing the project, particularly in terms of notifying them when costs were going to be exceeded. However, I personally notified Stan Berman of Arthur Anderson that the October bill was going to be in excess of $8K, and that November was also going to be an extremely high month and that D.N.C. was using the system differently than proposed.

Regards,

William P. Booth
Manager, Capital Sales District

Attachments

WPB:rdc

RECEIVED
SEP 05 1978
CREDIT & COLLECTION

8204034197

December 26, 1978

MEMO FOR RECORD: DEMOCRATIC NATIONAL COMMITTEE DISPUTE

TO: FILE

CC: B. A. Barron
J. A. Hanson
F. R. McNees

BACKGROUND

DNC owes us $32,610.86 against November, 1977 through November, 1978 invoices, and we are increasing thqir balance by $206.22 per month for archival storage. Credit & Collections has actively sought to collect this bill. However, due to the re-opening of the dispute, changes of DNC personnel, and bureaucratic red tape, they have been unsuccessful to date. Jack Hanson has advised me that this dispute is almost certainly uncollectable because of the above reasons.

RECOMMENDATION

1) Process a "record only" credit against 1978 revenue for the total amount.

2) Send DNC our standard C&C letter advising them that service will be cancelled effective January 31, 1979.

L. B. Ramer should concur with the above actions to confirm that the concession will not be considered a contribution to the Democratic Party.

Walter A Lees

Walt Lees, Manager
Sales Administration

/mch

R.C.'s CO 7711 - 31,629.67
CO 8207 - 981.19
87.44 - 32,610.86

BA Barron
for RT Hoban
LB Ramer

(acting) initialed

820403041998

GENERAL ELECTRIC

GENERAL ELECTRIC COMPANY . . . . . 401 N. WASHINGTON STREET
ROCKVILLE, MARYLAND 20850 Phone (301) 340-4000

December 26, 1978

David Phelps, Administrator
Democratic National Committee
1625 Mass. Ave. N.W.
Washington, D.C. 20036

Subject: Computer Time-Sharing Account #48037

Dear Mr. Phelps:

This is to advise you that in accordance with our Agreement for Computer Services, your access to our Computer Time-Sharing Services will be terminated effective January 31, 1979.

Very truly yours,

C.M. Harp, Manager
Credit and Collection Customer Accounts

CMH/emm

RETURN RECEIPT REQUESTED

8204034199

January 19, 1979

Mr. David Phelps, Administrater
Democratic National Committee
1625 Mass. Ave. N.W.
Washington, D.C. 20026

Subject: Computer Time-Sharing Account #48037
Balance Due: $32,611.00

Dear Mr. Phelps:

Since November 6, 1978, I have called your office over 20 times in an attempt to talk to you about setting up a meeting to review your account. It has gotten to the point that I believe that I am starting to irritate the people who answer the phone in the Treasurers Office, and I can assure you that this is something I do not enjoy doing.

On the one occasion, January 8, 1979, that I was able to speak with you, you agreed that a meeting was in order, that would allow me to respond to the questions you raised about the balance due. You indicated that you would call me back the next day and advise me of a time that would be convenient for the meeting. Since that date, I have again called your office four times and left messages.

Very honestly Mr. Phelps, this letter is being written out of pure frustration on my part. I believe that I have a responsibility to General Electric and that you have a responsibility to the Democratic National Committee to resolve the dispute which is holding up payment of the above amount. Please call me at 258-2722 so that we can set up a mutually convenient time and resolve this long standing matter.

Very truly yours,

C.M. Harp

C.M. Harp, Manager
Credit and Collection Customer Accounts

CMH/emm

cc: E. Dobelle
J.A. Hanson

bcc: Jim Spencer
W. Booth

8204034200

GENERAL ELECTRIC

July 12, 1977

The Maryland National Bank
401 North Washington Street
Rockville, Maryland 20850

The undersigned, THE DNC SERVICES CORPORATION, Washington, D.C., (the Customer), hereby assigns to the GENERAL ELECTRIC COMPANY, 401 North Washington Street, Rockville, Maryland 20850 (the Company), all right, title, and interest in the Principal of the attached one-year Certificate of Deposit as security for the Customer's open credit account with the Company.

The undersigned Customer hereby authorizes and directs the Company in the event of failure to pay any of the Customer's financial obligations to the Company, to apply the Principal represented by the attached Certificate, or such part of such Principal as may be necessary, to the payment, of any and all indebtedness and liabilities then due to the Company.

The Company agrees that in the event of any of the following Contingencies to the Company, this assignment will immediately terminate:

1) Petition for Bankruptcy, Insolvency or Reorganization;
2) Appointment of a Receiver, Trustee or Keeper;
3) Assignment for the Benefit of Creditors.

The Company agrees to file with the DNC a release form which will order The Maryland National Bank to transfer the Certificate of Deposit to the DNC at the end of the term of the contract or in the event of any of the Contingencies enumerated above.

Witness:

THE DNC SERVICES CORPORATION

By:

J.D. Nelson, Administrator

8-5-77
GEORGE M. RILEY,

8204034201

384420	771631 YFO1GENINV DNC SERVICES CORP DNC SERVICES CORP	12440.04	0.	0.	12440.04	D11	731
398879	771130 YFO1GENINV DNC SERVICES CORP DNC SERVICES CORP	12690.64	0.	0.	12690.64	D11	731
413442	771231 YFO1GENINV DNC SERVICES CORP DNC SERVICES CORP	17872.37	0.	0.	17872.37	D11	731
42R141	780131 YFO1GENINV	8329.94	0.	0.	8329.94	D11	731

maryland national bank
P.O. BOX 987 BALTIMORE, MARYLAND 21203

CASHIER'S CHECK 7-18 520

RVD 2876634

743

11 731

PAY August 4, 19 78

TO THE ORDER OF General Electric- $ 5,000.00

FIVE THOUSAND AND 00 CTS DOLLARS

CASHIER'S CHECK

11 731

CD # I-17881-S

11 731

Betty B. Buckner
AUTHORIZED SIGNATURE

11 731

⑈2876634⑈ ⑆052000166⑆ 002-0024⑈ 98

33030.03*****

A/R

apply attached check as follows

Invoice	amount
384420	12440.04
398879	8759.96
	$5000.00

Do not send O/I

CH Harp
ETC
8/4/78

Sherman, Esq

eral Electric
tion Services
ompany

Street, Rockville, Maryland 20850

Correction Requested

8204034 4203

ROCKVILLE MD
FEB 3'81

Hon. John Warren McGarry
Chairman
Federal Election Commission
Washington, D.C. 20463

RECEIPT REQUESTED

CERTIFIED
P29 4316190
MAIL

THE MAGUS CORPORATION
1822 Penn Street, Philadelphia, Pa. 19103 • (215) 732-7777

6 February 81

RECEIVED
FEDERAL ELECTION COMMISSION
GENERAL COUNSEL
81 FEB 10 AM 10:30

Ms. Frances Hagan
Federal Election Commission
Washington, D.C. 20463

RE: The Magus Corporation
MUR 1206

Dear Ms. Hagan:

I am in receipt of your letter dated January 22, received by us on 27 January 1981, and the materials which accompanied it. I am most troubled by the determination that there is reason to believe The Magus Corporation, in dealing with the Democratic National Committee, violated federal law. I hope that the information provided here will leave no room for doubt that Magus is guilty of no wrongdoing.

Magus and the Democratic National Committee Services Corporation agreed on November 20, 1978 that Magus would produce a 12 -15 minute film to be used at the Democratic Mid-Term Convention in December 1978. I personally participated in these negotiations and signed the final document. A copy of that agreement is attached. As you can see, it clearly provides that Magus would be paid $50,000.00 in four installments for its work. From the outset, we believed this price to be a fair one.

Magus performed all of its obligations under the contract. Unfortunately, the Democratic National Committee did not. I am enclosing copies of numerous letters Magus sent in an effort to collect all funds due it for production of the film. I am also enclosing letters Magus received from the Democratic National Committee in which the latter reiterated its intention to pay Magus in full for production of the film and forwarded several partial payments which, ultimately, succeeded in satisfying its obligation. This correspondence clearly demonstrates that Magus had no intention to, and, in fact, did not, provide a contribution to the Democratic National Committee.

8204034204

I believe the investigation into Magus' conduct may have stemmed from the March 21, 1979 letter of Patricia Winstead, Magus' Production Director, to John White, Chairman of the Democratic National Committee. In this letter, Ms. Winstead noted: "We accepted that we made no profit and took a loss due to our commitment to the President. But we are too small a company to be able to absorb a $10,000 plus loss." One not familiar with the dealings between the parties may interpret this to mean that Magus voluntarily undertook to produce the film at a loss "due to (its) commitment to the President." This just is not so. Ms. Winstead, who has responsibility in our company for collecting past due money, was frustrated by her inability to obtain payment from the Democratic National Committee and hoped through that letter to emphasize the immediate need for payment of the balance due under the contract. She did not intend to indicate that Magus made any kind of gift to the Democratic National Committee.

Magus entered into a contract which it believed would adequately compensate it for all work performed. Subsequently, it was learned that a small loss would be incurred. (An internal Magus memo, circa December 1978, explaining the basis of the loss is enclosed for your information.) Magus was precluded by the contract from collecting for this loss, for no escalation clause or other method of collecting it was available. Similarly, although Magus had attempted to impose interest charges due to late payment of the final installment under the contract, the contract does not clearly empower Magus to do so. Thus, Magus was forced to settle for collecting only the full contract price, which it ultimately did on 30 August 1979.

I believe the foregoing information demonstrates most clearly that Magus is guilty of no wrongdoing. Should you require additional information, however, or have any other questions, please contact me immediately.

Sincerely,

Rod Goodwin

Rod Goodwin
President

Enclosures

8204034205

DEMOCRATIC
NATIONAL COMMITTEE 1625 Massachusetts Ave., N.W. Washington, D.C. 20036 (202) 797-5900

November 6, 1978

Mr. Rod Goodwin
1338 G Street, S.E.
Washington, D.C. 20003

RE: Film Contract

Dear Rod:

Enclosed please find the original and one copy of an agreement between DNC Services Corporation and The Magus Corporation.

Evan Dobelle, as Treasurer, has executed the contract. Please execute on behalf of The Magus Corporation, date the agreement, and forward the original back to me.

With best wishes.

Sincerely,

Cecil M. Cheves
Chief Counsel

CMC:mml
Enclosure

8204034206

A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commission, Washington, D.C.

MAGUS · DNC FILM CONTRACT

8204034207

AGREEMENT

Agreement made this 20th day of November, 1978, by and between the DNC Services Corporation (DNC) and The Magus Corporation (Magus).

In consideration of the mutual promises and benefits contained herein, the parties agree as follows:

1. Film: Magus agrees to produce a 12-15 minute 16mm color and optical sound motion picture to be used at the Democratic Mid-Term Convention during December, 1978. The motion picture is to be made of film and videotape clips of events highlighting the past two years and the return of a Democratic Administration to the United States. It is to particularly emphasize President Carter as the leader of the Democratic Party's return to power;

2. Duties of DNC:

(a) Cooperation with regard to full use of services, resources, information or available DNC personnel;

(b) Notification to all persons involved with the film project that all reasonable requests are to be handled without delay;

(c) Round trip air coach transportation from Philadelphia to Memphis for a maximum of four (4) persons from 5-9 December to set-up and supervise the film showing, including full-time use of a standard passenger car, with parking, for the duration; four (4) single rooms at the Holiday Inn Rivermont. Airline tickets to be issued one week in advance. This is an estimated requirement; all efforts will be made to minimize it;

(d) All necessary unlimited access passes, credentials, authenticators or the like valid for any time between now and 9 December 1978, for a maximum of four (4) persons at the official Memphis Mid-Term Convention site.

3. Duties of Magus:

(a) Cooperation on all aspects of production scheduling and any other reasonable request considering our limited time;

(b) A picture and sound preview interlock for the White House Communications Office and DNC rep at a site and time consonant with budget and completion schedules, as designated by Magus;

(c) The completed film (and backup print) ready to be shown on 8 December 1978.

4. Terms: Production Cost $50,000.00 payable as follows:

$10,000.00	Upon agreement, 20 October 1978
15,000.00	On 30 October 1978
15,000.00	On 13 November 1978
10,000.00	On 1 December 1978

Payment shall be made by check on the dates due. Payment not made within 72 hours of the agreed date shall constitute a breach of this agreement whereupon all work on this project shall cease.

5. Delays: It is understood that DNC must cooperate on payments, scheduling, delivery of promised information or services, or any other reasonable request in order to meet tight production schedules. Magus will not be held responsible for delay of production by events beyond its control.

6. Copyright: DNC will be the owner of the film produced by Magus with all commercial and theatrical rights vested in DNC. ~~Magus will obtain a motion picture copyright from the U.S. Patent Office on behalf of DNC.~~ Magus will deliver to DNC two copies of the produced film, a main copy and one back-up copy, for permanent possession by DNC. Magus will be allowed to retain copies for its own use in non-theatrical and non-commercial purposes. All other use by Magus must be with the written permission of DNC.

6

8204034208

7. Miscellaneous: Separate and distinct agreements shall cover the following: any film exceeding the 15-minute limit; all special projection and sound equipment, including personnel required to set up, run or maintain that equipment; any videotaping; other costs or services not specifically agreed to by the DNC or Magus.

Entered into the day and year first above stated.

DNC Services Corporation

(by) _____
Treasurer

The Magus Corporation

(by) _____

8204034209

8 January 1979

Democratic National Committee
1625 Massachusetts Avenue, NW
Washington, D.C. 20036

Attn: Cecil M. Cheves

Re: Mid-Term Convention Film

As per our agreement of 20 November 1978 the fourth and final payment for the 16mm Mid-Term Convention Film is due upon receipt of this invoice $10,000.00

Please note: This payment is overdue. Our agreement called for payment to be made on 1 December 1978.

8204034421O

BILLING CHRONOLOGY

1

9 January 1979

MEMO

To: Jerry Rafshoon

From: Rod Goodwin

Have sent the enclosed "reminder" to the DNC. In December they were waiting for your okay; I don't know what they are waiting for now. We feel there is no justification for withholding $10,000.00 when we completed the work in good faith and on schedule.

We still have not received the film and sound from Anne Edwards, but as soon as we do, we will get any problems straightened out.

Thanks and Happy New Year.

8204034211

6 February 1979

STATEMENT

Democratic National Committee
1625 Massachusetts Avenue, NW
Washington, D.C. 20036

Attn: Cecil M. Cheves

Re: Mid-Term Convention Film

DESCRIPTION		TOTAL DUE
1 December 1978	Final Payment	$10,000.00

8204034421 2

6 March 1979

STATEMENT

Democratic National Committee
1625 Massachusetts Avenue, NW
Washington, D.C. 20036

Attn: Cecil M. Cheves

Re: Mid-Term Film

1 December 1978	Final Payment	$10,000.00
Finance Charge	1 1/2% per month on all invoices over 90 days aged	150.00
	TOTAL DUE upon receipt	**$10,150.00**

CC: David Phelps

8204034213

5 April 1979

STATEMENT

Democratic National Committee
1625 Massachusetts Ave., NW
Washington, D.C. 20036

Attn: Cecil M. Cheves

6 March 1979 Statement Amount	$10,150.00
1 1/2% monthly finance charge	152.25
TOTAL DUE UPON RECEIPT	$10,302.25

-2,000.00 4/4/79

8,302.25

- 2,000.00 May

6,302.25

2,000.00 11 June 79

4,302.25

- 2,000.00 16 July 79

2,302.25

2,000.00 paid 30 Aug 79

302.25

initial??

0204034421 4

DEMOCRATIC
NATIONAL COMMITTEE 1625 Massachusetts Ave., N.W. Washington, D.C. 20036 (202) 797-5900

John C. White
Chairman

April 9, 1979

Ms. Patricia Winstead
Production Director
Magus Corporation
1700 Waverly Street
Philadelphia, PA 19146

Dear Ms. Winstead:

Please be advised that the Democratic National Committee has every intention of rendering payment, in full, to Magus Corporation for the production of the 16 mm film used during our Midterm Convention.

Enclosed please find our check for $2,000 as our first step in settling this account.

I assure you I will do my very best to insure subsequent payments be made to Magus Corporation as expeditiously as possible.

On behalf of all parties involved I truly apologize for any inconvenience or hardship the D.N.C. may have caused you and Magus Corporation.

My very best wishes.

Sincerely,

David Phelps

David Phelps
Administrator

Enclosure

A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commission, Washington, D.C.

DEMOCRATIC
NATIONAL COMMITTEE 1625 Massachusetts Ave., N.W. Washington, D.C. 20036 (202) 797-5900

May 2, 1979

Mr. Rod Godwin
Magus Corporation
1700 Waverly Street
Philadelphia, Pennsylvania

Dear Rod:

Per my conversation of Monday evening with Pat, enclosed please find our check in the amount of $2,000.

As I stated in Monday night's conversation, we do intend to do our very best to liquedate the account within the next 45 days.

Again, I thank you for your patience with regard to this matter and assure you that I will personally contact you should problems arise.

Sincerely,

Dave

David Phelps,
Administrator

Enclosed: Check #3051

b20403442216

A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commission, Washington, D.C.

28 June 1979

David Phelps
Democratic National Committee
1625 Massachusetts Ave., NW
Washington, D.C. 20036

Re: Mid-Term Convention Film

David,

We received a check for $2,000.00 at the beginning of June; this leaves a balance of $4,302.25 owing on the film.

In your letter of May 2nd to Rod Goodwin, you stated that the DNC intends to do their best to liquidate the account in 45 days. Should we expect a check for the full amount fairly soon? If not, please let me know.

Thank you.

Cordially,

Patricia Winstead
Production Coordinator

8204034217

DEMOCRATIC
NATIONAL COMMITTEE 1625 Massachusetts Ave., N.W. Washington, D.C. 20036 (202) 797-5900

C20403442 18

July 12, 1979

Ms. Patricia Winstead
Production Coordinator
The Magus Corporation
1700 Waverly Street
Philadelphia, Pennsylvania 19146

Dear Pat:

Enclosed please find our check in the amount of $2000.00 as payment on account.

Although I understand we had hoped to liquidate the account by this time, certain fundraising expectations were not realized despite our best efforts.

I thank you for your patience and assure you I will do my very best to complete payment as soon as possible.

My Very Best Wishes,

Dave

David Phelps

DP:bi

A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commission Washington D.C.

21 March 1979

John White, Chairman
Democratic National Committee
1625 Massachusetts Ave., NW
Washington, D.C. 20036

Mr. White,

I have hesitated bringing this matter to your attention, but my frustration has forced me to.

In October of 1978, the DNC contracted with us to produce, under the direction of Gerald Rafshoon, a 16mm film for your December Mid-Term Convention in Memphis. In one month, we pulled everything together; our part of the contract was carried out. To date, the DNC's part was not.

We are still awaiting the final payment of $10,000. I don't care how large or small a business, $10,000 represents a lot of money. We had direct expenses, excluding profit, on the film that had to be paid so that we could maintain our good name, as well as that of Jimmy Carter and the Democratic Party. We accepted that we made no profit and took a loss due to our commitment to the President. But we are too small a company to be able to absorb a $10,000 plus loss.

What frustrates me the most is the number of phone calls we have placed to Cecil Cheves and David Phelps. We've also sent statements and once or twice attached notes to these statements. But not once -- not one time -- have we had the courtesy of a return phone call or note. It's bad enough not to get paid, but not to have messages returned adds insult to injury.

Please have someone call regarding this matter. Or better yet, send us a check for $10,000.00.

Sincerely,

Patricia Winstead
Production Director

CC: Evan Dobelle, Cecil Cheves, David Phelps

9204034219

G

Rod,

I hate to be the one to report the bad news, but we took a loss of $5,481.00 on the mid-term film. You might want to go over the figures, but I think it's pretty clear. We're due a refund, I think, from NBC but that's it. The reasons are obvious: it was a normally-budgeted film with a tremendous amount of extras: Ed's large salary; rent, furniture, etc., in DC; high salaries to free-lancers; commuting and eating-out expenses. Other high costs: Capital Film Lab, Image Transform, crew for one day, phones, &c.

8204034422O

PAT INTERNAL MEMO C. DEC '78

8204034422 1

PHILADELPHIA
JAN - 5 81
U.S. POSTAGE
0.67



MAGUS

1822 Pine Street, Philadelphia, Pa. 19103
(215) 732-7777

Ms. Frances Hagan
Federal Election Commission
Washington, D.C. 20463

FIRST CLASS MAIL

81 FEB 13 AM : 29

[redacted]
A PROFESSIONAL CORPORATION
COUNSELLOR AT LAW

[redacted]
745 HIGHWAY 18
EAST BRUNSWICK, N.J. 08816
201-257-6050

February 5, 1981

Federal Election Commission
Washington, D. C. 20463

ATT: John Warren McGarry

RE: MUR 1206

Dear Mr. McGarry:

Please be advised that I represent Ramada Inn and I am in receipt of a letter dated January 22, 1981 which you sent to them. Please be advised that Ramada Inn made many efforts to collect the money owed to it by the Democratic National Committee. My client had dealt with a Mr. John Billett. Enclosed please find a series of letters which should demonstrate to you that Ramada Inn did try to collect this money and would be very happy at this date to collect it. Indeed, if your offices can help in any manner we would be happy to accept the money.

1. Letter from Nathan Sedley to Allen Russ dated May 25, 1977.
2. Letter from Allen Russ to John Billett dated May 31, 1977.
3. Letter from John Billett to Allen Russ dated June 1, 1977.
4. Letter from Sedley to Allen Russ dated June 3, 1977.
5. Letter from Allen Russ to Billett dated June 6, 1977.
6. Letter from Organization Resources signed by Mary Radzik dated June 13, 1977.

81 FEB 10 P2:23

RECEIVED
OFFICE OF THE
GENERAL COUNSEL

8204034422

7. Letter from Nathan Sedley to the President of the United States dated March 30, 1977.
8. Letter from Nathan Sedley to Mr. David Fields of the Carter Mondale Campaign dated March 30, 1977.
9. Letter from Allen Russ to the President dated June 16, 1977.
10. Letter from Billett on Organization Resources stationary to Democratice Presidential Campaign dated June 22, 1977.
11. Letter from Allen Russ to Billett dated 12/16/77.
12. Letter from Hal Baume of Allen Russes Office dated February 27, 1979 to John Billett.
13. Letter from Hal Baume to ORSA dated March 13, 1979.
14. Letter from Hal Baume to Nathan Sedley dated March 27, 1979.

I would appreciate it very much hearing from you.

Yours very truly,

Allen Russ

AR:pw

Enclosure

cc: Nathan Sedley

8204034423

RAMADA INN

EXIT 9 NEW JERSEY TURNPIKE • Rt. 18 & Schoolhouse Lane • EAST BRUNSWICK, N.J. 08816

Phone 201-846-1400

Banquet Facilities to 1,000

May 25, 1977

Allen Russ, Esq.
P.O. Box 278
East Brunswick, N.J.

Dear Allen:

I would like you to send the following letter to the attached:

"Dear Mr. Billett: I have been instructed by the Ramada Inn to collect the attached bill.

Before incurring substantial legal costs and creating a distasteful atmosphere, I am recommending that you send us a check. The bill goes back to Election Night.

If I do not receive a check within a week, I will be forced to collect by whatever means is required."

Very truly yours,

Nathan T. Sedley
President

Enc.

TIFFANY TAVERN

Restaurant • Saloon • Cocktail Lounge

May 31, 1977

Mr. John Billett
ORSA, Inc
1211 Connecticut Avenue
Suite 602
Washington, D. C. 10036

Re: Ramada Inn - Billett

Dear Mr. Billett:

I have been instructed by the Ramada Inn to collect the attached bill.

Before incurring substantial legal costs and creating a distasteful atmosphere, I am recommending that you send us a check. The bill goes back to Election Night.

If I do not receive a check within a week, I will be forced to collect by whatever means is required.

Very truly yours,

Allen Rose

AR:ek
Enclosure
cc: Ramada Inn

8204034142225

ORGANIZATION RESOURCES
& SYSTEMS ADVISORS, INC.

June 1, 1977

Mr. Allen Russ
Counsellor at Law
743 Highway Eighteen
East Brunswick, New Jersey

Dear Mr. Russ:

This is in response to your letter of May 31 concerning the bill from the Ramada Inn. If you review carefully the correspondence which has been exchanged between Mr. Sedley and myself you will understand the following points:

1. The bill would have been cleared up in full on November 3 had Mr. Sedley kept his word and had the bill prepared. Instead the bill was received Thanksgiving week.

2. Although there were numerous errors in the amount charged, the bill was forwarded to Atlanta to be paid by the campaign and both Mr. Sedley and myself were assured it would be taken care of. It was not. That is an embarrassment for me as well as an inconvenience for Mr. Sedley.

3. Although Mr. Sedley had made several adjustments in the bill, my letter of May 2 concerning the price of the liquor still stands and I am prepared to produce a witness, Mr. Charles Walther, known to Mr. Sedley, who will attest to the correctness of the letter.

4. As I promised Mr. Sedley, although the campaign is responsible for the bill, because of the good faith relationship I am prepared to personally pay it when the appropriate corrections are made. Understand that as an individual the additional $7.12 per quart is a big consideration.

Do not fail to understand that I am aware of the cost that can accumulate concerning this matter if it becomes an item for litigation. In essense, all I am saying is that I suggest that you review every item of correspondence before you jump to any conclusions about the period of time for which the bill has been pending. You will find that not only has there been difficulty in receiving

SUITE 602 • 1211 CONNECTICUT AVE., N.W. • WASHINGTON, D.C. 20036 • (202) 452-1446

6204034226

[redacted]
[redacted]
[redacted]

written correspondence from Mr. Sadley, but for a period of two weeks I placed a phone call to his office everyday without response.

The bill will be paid and in fact if it becomes appropriate I will pay the reduced balance minus the liquor until that price can be resolved. It will require, however, an act of good faith from Mr. Sadley instead of an intemperate attitude. We both have cause for unhappiness for the way the matter has been handled. I will do all I can to see that it is cleared up and will await your response to this letter.

Sincerely,

John W. Billett

JOHN W. BILLETT
President

JWB/mek

cc. Ramada Inn

8204034427

RAMADA INN

EXIT 9 NEW JERSEY TURNPIKE ● Rt. 18 & Schoolhouse Lane ● EAST BRUNSWICK, N. J. 08816

Phone 201-846-1400

Banquet
Facilities
to 1,000

June 3, 1977

Allen Russ, Esq.
P.O. Box 278
East Brunswick, N.J.

Dear Allen:

Please send John Billett the following letter:

"I showed Mr. Sedley your letter of June 1, 1977, and, because of all the correspondence and the time involved, under no circumstances will he take anything less than the amount shown on the attached invoice.

I have no alternative but to ask you to send in a check by return mail and I must proceed to collect."

Very truly yours,

Nathan T. Sedley
President

8204034142223

TIFFANY TAVERN

Restaurant ● Saloon ● Cocktail Lounge

June 6, 1977

Mr. John Billett
CRSA, Inc.
1211 Connecticut Avenue
Suite 402
Washington, D. C. 20036

Re: Ramada Inn - Billtee

Dear Mr. Billett:

I showed Mr. Bedley your letter of June 1, 1977, and, because of all the correspondence and the time involved, under no circumstances will he take anything less than the amount shown on the attached invoice.

I have no alternative but to ask you to send in a check by return mail and I must proceed to collect.

Very truly yours,

Allen Russo

AR:ek
cc: Ramada Inn
Enclosure

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ORGANIZATION RESOURCES
& SYSTEMS ADVISORS, INC.

June 13, 1977

Mr. Allen Russ
Counsellor at Law
Post Office Box 278
East Brunswick, New Jersey 08816

Dear Mr. Russ:

I am taking the liberty of responding to your letter of June 6, 1977 for Mr. Billett since he will not be back in Washington until June 23, 1977. I am sure at that time he will be in touch with you about the Ramada Inn situation.

Sincerely,

Mary E. Kadzik

Mary E. Kadzik
Secretary

8204034230

RSA • SUITE 602 • 1211 CONNECTICUT AVE., N.W. • WASHINGTON, D.C. 20036 • (202) 452-1448

RAMADA INN
EXIT 9 NEW JERSEY TURNPIKE • Rt. 18 & [illegible] • EAST BRUNSWICK, N.J. 08816
Phone 201-846-1600

Banquet Facilities to 1,000

March 30, 1977

Mr. David Fields
Budget & Finance Center
CARTER-MONDALE CAMPAIGN
1795 Peachtree Street, N.E.
Room 209
Atlanta, Georgia 30309

Dear Mr. Fields:

This is the last letter I am writing to you and attached you will find a letter that I have written to the President.

I am sure that he would not condone the... "s h a b b y" treatment I have been given since Election Night...on the bill which is attached of $2,818.20.

I had a call from someone who started to contest the bill six months after it happened. I finally gave him a credit of $200.

Unless I receive a check by return mail, I am going to continue with the President to get payment.

Very truly yours,

Nathan T. Sedley
President

Enclosure

TIFFANY TAVERN
Restaurant • Saloon • Cocktail Lounge

RAMADA INN

EXIT 9 NEW JERSEY TURNPIKE • Rt. 18 & Bordentown Lane • EAST BRUNSWICK, N.J. 08816

Phone 201-846-1400

Banquet Facilities to 1,000

March 30, 1977

The President
The White House
Washington, D.C.

Dear Jimmy:

I am sure you remember me...attached is some publicity on your "affair" here and also I met you at the cocktail party which was run by Adam Lewin.

John Billett, your Deputy in command of the New Jersey area, authorized a meeting and sleeping rooms on Election Night. A bill for this is attached. Since Election Night everybody disappeared and we have been unable to get payment.

I would appreciate your help in this matter.

Very truly yours,

Nathan T. Sedley
President

Encls.

1204034232

TIFFANY TAVERN

Restaurant • Saloon • Cocktail Lounge

June 17, 1977

The President
The White House
Washington, D. C.

Re: Ramada Inn vs. Billett

Dear Mr. President:

I represent Nathan Sedley of the Ramada Inn in East Brunswick, New Jersey whom you know and where you had some meetings during the primary.

We had written to you before regarding monies due for an Election Day party authorized by your representative, John Billett.

To date he has not paid and again I would appreciate your efforts to clear this up.

I have also written to Mr. David Fields in Atlanta.

You will find attached a total bill together with some of the previous correspondence.

Very truly yours,

Allen Rose

R:ek
Enclosures
cc: Mr. David Fields
Mr. Nathan Sedley

ORGANIZATION RESOURCES
& SYSTEMS ADVISORS, INC.

June 22, 1977

Ms. Joanna M. Lambert
General Accounting Supervisor
1976 Democratic Presidential Campaign
Committee, Inc.
P.O. Box 1976
Atlanta, Georgia 30301

Dear Ms. Lambert:

As per your telephone conversation with my office, enclosed is a copy of the corrected bill for the Ramada Inn which should be paid. I appreciate very much your consideration in this matter.

Sincerely,

JOHN W. BILLETT
President

JWB/mek

cc. Mr. Allen Russ

8204034423 4

SA • SUITE 602 • 1211 CONNECTICUT AVE., N.W. • WASHINGTON, D.C. 20036 • (202) 452-1446

December 16, 1977

Mr. John Billett
ORSA, Inc.
1211 Connecticut Avenue
Suite 602
Washington, D.C. 10036

Re: Ramada Inn - Billett

Dear Mr. Billett:

My office has communicated with you with reference to money owed to Ramada Inn of East Brunswick, New Jersey, for the meeting rooms, sleeping rooms and other charges on election night. The total of that bill was $2,818.20.

I am sending a copy of this letter to the President of the United States because I am sure he would not condone your failure to pay the bill, if he were aware of it.

If you do not make arrangements to pay this bill forthwith, I will have no alternative but to take legal actions against you, and Organization Resources & Systems Advisors, Inc. and the Democratic National Committee.

I will sue in New Jersey. Indeed, I intend to commence preperation for the suit within the next few days.

Very truly yours,

Allen Russ

AR:ek
cc: The President
Mr. Nathan Sedley, Ramada Inn

9204034235

8204034442 36

February 27, 1979

Mr. John Billett
CMSA, Inc.
1211 Connecticut Avenue
Suite 801
Washington, D. C. 10036

Re: Ramada Inn vs. Billett

Dear Mr. Billett:

Despite our previous letters to you regarding the indebtedness to the Ramada Inn, East Brunswick, New Jersey, for charges incurred in connection with the Presidential election, in the amount of $2,010.20, we have still not received payment.

If payment is not received by this office within ten (10) days, suit will be filed in New Jersey.

Very truly yours,

HAL L. BINGS
A Member of the Firm

HLB/afm
cc: President Jimmy Carter
Ms. Joanne N. Lambert
Mr. Nathan Bailey

March 13, 1979

ORSA, Inc.
1211 Connecticut Avenue
Suit 602
Washington, D. C. 10036

Re: Ramada Inn vs.ORSA, Inc.

Gentlemen:

Despite our previous letters to you regarding the indebtedness to the Ramada Inn, East Brunswick, New Jersey, for charges incurred in connection with the Presidential election, in the amount of $2,818.20, we have still not received payment.

If payment is not received by this office within ten (10) days, suit will be filed in New Jersey.

Very truly yours,

HAL L. BAUME
A Member of the Firm

HLB/afm
cc: President Jimmy Carter
Ms. Joanna M. Lambert
Mr. Nathan Sedley

8204034423 7

March 27, 1979

Mr. Nathan T. Sedley
2101 South Ocean Drive
Apartment 2303, No. 4
Hollywood, Florida 33019

Re: Ramada Inn. vs. Billett _ ORSA, Inc.

Dear Mr. Sedley:

Please be advised that our letters to Mr. Billett and ORSA Inc. have been returned and marked "Addressee Unknown" in connection with our attempts to collect the $2,818.20 which is outstanding to Ramada Inn.

Please provide us with information indicating who should be sued and where they are located. Without this information, we can do nothing further. Therefore, we are suspending activity on this file until we hear from you.

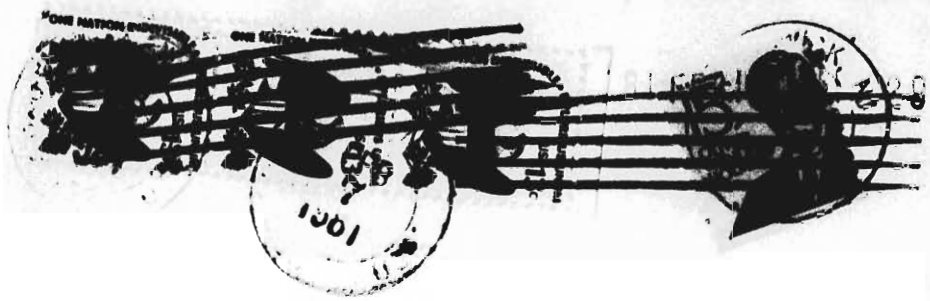
Very truly yours,

HAL L. BAUER
A Member of the Firm

HLB/afm

820403442238

ALLEN RUSS
A PROFESSIONAL CORPORATION
Counsellor At Law
743 Highway 18 • P.O. Box 278
East Brunswick, N. J. 08816



Federal Election Commission
Washington, D. C. 20463

82040314439

Washington, D.C. 20036

Telephone: (202) 223-8200
Telex: 710-822-1936
Telephone: (202) 223-8220
Telex: (202) 387-4877

ONE WALL STREET
NEW YORK, N.Y. 10005
(212) 732-1000
CABLE: LABELLUM
TELEX: 126442/RCA 126420

240 ROYAL PALM WAY
PALM BEACH, FLA. 33480
(305) 655-8000
TWX: 510-952-7056

RECEIVED
FEDERAL ELECTION COMMISSION
GENERAL COUNSEL
81 FEB 10 P3:59

February 10, 1981

BY HAND

Ms. Frances B. Hagan
Office of General Counsel
Federal Election Commission
1325 K Street, N. W.
Washington, D. C. 20463

Re: MUR 1206

Dear Ms. Hagan:

On behalf of the DNC Services Corporation (DNC), we would like to request an extension of time until March 13, 1981 to respond to the Commission's "reason to believe" notification in the above-referenced matter. As you know, the Commission raised questions concerning twenty debts to fifteen corporate entities. Although we have been reviewing DNC files and attempting to contact those involved in the transactions, we will not be able to gather the information we need to respond by February 10, 1981.

First, having reviewed the files for the vendors listed, we find that you have not provided sufficient information to allow us to identify the 20 distinct obligations that you asserted are owed to the fifteen corporate entities named. We believe the information you have provided does not constitute adequate notice of the alleged factual basis of the Commission's finding, as required by § 111.9 of the Commission's regulations. Therefore, we request that you provide us with a list of specific obligations for each vendor as well as any other identifying information you have available. Without more detail, we cannot respond fully.

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In addition, while the DNC is attempting to gather information for this response, it also is preparing to respond to the Commission's notification letter in MUR 1166. Both involve complex matters, numerous vendors, and events that occurred some years ago. The DNC requires additional time to review and evaluate the transactions at issue in order to respond fully to both letters.

For these reasons, we request an extension of time until March 13, 1981.

Very truly yours,

Ronald D. Eastman

Lynda S. Mounts

Lynda S. Mounts

Counsel for DNC Services Corporation

8204034424241

Cadwalader, Wickersham & Taft
1333 New Hampshire Avenue, N.W.
Washington, D.C. 20036

82034424

BY HAND

Ms. Frances B. Hagan
Office of General Counsel
Federal Election Commission
1325 K Street, N. W.
Washington, D. C. 20463

0203523

FEB 9 A9:01

RICHARD W. LAURICELLA
ATTORNEY AT LAW
247 NORTH POTOMAC STREET
HAGERSTOWN, MARYLAND 21740
TELEPHONE (301) 733-6720

February 4, 1981

Federal Election Commission
Washington, D. C. 20463

Re: MUR 1206

Gentlemen:

I am writing in response to your letter dated January 22, 1981 to my client, Word Processing Services, Inc. Word Processing Services, Inc. has reviewed its records in this matter and finds your allegations as contained in the letter incorrect.

I enclose herewith an Affidavit of Vincent Dellaposta who has been President of Word Processing Services, Inc. since its inception. The Affidavit contains the facts from recollections of Mr. Dellaposta, his employees, and the records of Word Processing Services, Inc.

First of all, let me say that it is amazing that the issue is one of alleged contributions in 1977. If it is so very important that unlawful contributions be monitored, I must ask why the audit and investigation would occur after newly elected officials would have taken office. If the citizens are to be protected against unlawful contributions, it would certainly appear that audits should be performed in a far more timely fashion. Furthermore, it is amazing that you would request an answer from Word Processing Services, Inc. within ten (10) days in light of the above time frame for your administrative investigation.

The enclosed Affidavit shows that Word Processing Services, Inc. dealt with the Democratic National Committee in good faith and was unable to receive payment on its invoice without constant dunning and expense to Word Processing Services, Inc.

Your own factual and legal analysis indicates that the Democratic National Committee only made payments on outstanding bills in response to vendor pressure. The enclosed Affidiavit indicates vendor pressure and partial payments.

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GENERAL COUNSEL

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Word Processing Services, Inc. is a small Western Maryland company that did business in the District of Columbia servicing machines in 1977 and 1978. Cancelling the service contract was a commercially reasonable act for Word Processing Services, Inc., when it appeared that they would only be able to obtain their money by constant pressure or filing suit. The expense of hiring counsel in Washington, D.C., having employees appear at trial in Washington, D. C. and the probability that the Committee did not have the funds to pay the bill after judgment was obtained led to the decision to cancel the Agreement and mark the account paid for a partial year. Word Processing Services, Inc. is not in the habit of spending good money after paid. If you wish to review the document of the Committee, I am sure that you will find that the last service call was on the 21st day of July, 1977 at which time a carrier return cord and torque spring were replaced on machine number 3199.

Therefore, a credit was not extended to the Democratic National Committee as the partial year account was paid except for a matter of pennies when the daily proration is used as outlined in Mr. Dellaposta's Affidavit.

It also occurs to me that it is unfortunate that tax dollars must be used to investigate the Democratic National Committee and others. Possibly an assessment against political committees should be made on all revenues collected by them and that assessments should be paid on an ongoing basis so that the tax dollars of Word Processing Services, Inc., other small businesses and individuals in general would not be spent to investigate the political process.

I trust that the enclosed Affidavit and the contents of this letter will satisfy your concerns regarding any alleged illegal campaign contributions. If any additional information is requested, we would be most happy to provide it, but we hope that this process will not put Word Processing Services, Inc. to any additional undue expense.

Very truly yours,

Richard W. Lauricella

Enclosure
RWL:psa

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AFFIDAVIT

I, Vincent Dellaposta, President of Word Processing Services, Inc., do hereby state and affirm as follows.

On January 13, 1977, Word Processing Services, Inc. entered into a maintenance contract with the Democratic National Committee, 1625 Massachusetts Avenue, Northwest. We were dealing with a gentleman by the name of Eric Jaffe. The maintenance contract was for two Edityper Word Processors for the period beginning February 12, 1977 through February 11, 1978. The maintenance charge was $550.00 per machine for a total of $1,100.00. In March, 1977, the Democratic National Committee ordered ribbons from us for a total cost of $166.05. The total purchases, therefore, from Word Processing Services were $1,266.05.

As you can see, although the maintenance agreement was executed in January and the purchase of ribbons took place in March, no payments were received until May, 1977 from the Democratic National Committee. Employees of my company remember that at the time numerous phone calls were made to the Democratic National Committee seeking payment during the months of March and April. Finally, on May 3, a payment of $200.00 was received bringing the balance to $1,066.05. Following this payment, numerous phone calls were made regarding the outstanding balance and Word Processing Services, Inc. notified the Democratic National

Commission that no further services would be provided to them effective early August, 1977 after receiving a $500.00 payment as credit on this account. If you pro-rate the cost of the service agreement over the twelve months, it comes to $91.67 per month. At the time of cancellation by Word Processing Services, this left the cost of the remaining portion of the contract for service at $565.12. The balance of $566.05 was then deleted by Word Processing Services, Inc. since the remainder of the service contract was nullified. The last service call under the contract was completed on July 21, 1977, prior to the time of cancellation. Word Processing Services, Inc. could not have proceeded with collection procedures at that time because there was nothing due and owing Word Processing Services, Inc. as the contract was no longer in force and no payment was due and owing.

Even if Word Processing Services, Inc. had not cancelled the balance of the service contract, it would not have been the policy of Word Processing services, Inc. to do any more for collection of an out-of-town debt for $566.05. Continued bills would have been sent and phone calls would have been made. The cost of hiring out-of-town counsel, the cost of providing witnesses for the trial and the inconvenience of it all would cost as much as the outstanding balance. Our normal collection policy would have been to mark such an out-of-town balance as uncollectable.

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VMD

I hereby affirm that the matters stated above are true and correct to the best of my knowledge, information, and belief under the penalties of perjury.

WITNESS:

Pamela S. Artz

Vincent Dellaposta
President, Word Processing
Services, Inc.

STATE OF MARYLAND, WASHINGTON COUNTY, to-wit:

I hereby certify that on this 4th day of ~~January~~ February, 1981, before me, a subscriber, a Notary Public in and for the State and County aforesaid, personally appeared Vincent Delaposta, who acknowledged the aforegoing Affidavit to be his voluntary act.

WITNESS my hand and Official Notarial Seal.

My Commission Expires:
July 1, 1982

Pamela S. Artz
Notary Public

B204034247

RICHARD W. LAURICELLA
ATTORNEY AT LAW
347 NORTH POTOMAC STREET
HAGERSTOWN, MARYLAND 21740

FREDERICK, MD
1981



Federal Election
Commission
Washington, D. C. 20463

[redacted]
Company

[redacted]

February 2, 1981

REGISTERED MAIL
RETURN RECEIPT REQUESTED

Hon. John Warren McGarry
Chairman
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1206

Dear Chairman McGarry:

We are in receipt of your January 22, 1981 letter notifying us of the Federal Election Commission's January 13, 1981 determination that there is reason to believe that General Electric Company violated the Federal Election Campaign Act of 1971 by making a contribution to the Democratic National Committee Services Corporation, whose account was assigned by General Electric Company to General Electric Information Services Company on January 1, 1979. The alleged violation is based upon the DNC's inability to produce evidence of efforts to obtain payment of amounts owing by the DNC, leading to the conclusion that such amounts were intended to be contributions to the DNC.

We unequivocally deny any failure on our part to make a commercially reasonable attempt to collect all amounts owed to us by the DNC, and welcome this opportunity to submit the following enclosed copies of correspondence which evidence the vigorous collection efforts which were made throughout 1978 and early 1979:

1. January 6, 1978 letter from Rita L. Kaplan to Richard Harden.

2. January 10, 1978 memorandum from Kenneth M. Curtis to J.D. Nelson.

3. January 31, 1978 letter from William P. Booth to Joel McCleary.

81 FEB 5 P1:58

FEC MAILER
OFFICE OF THE
GENERAL COUNSEL

GENERAL ELECTRIC

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4. April 27, 1978 letter from James W. Spencer to John C. White.

5. June 21, 1978 letter from J.A. Hanson to J.D. Nelson.

6. July 12, 1978 letter from J.A. Hanson to L.B. Ramer.

7. August 3, 1978 letter from J.A. Hanson to Evan Dobelle.

8. August 15, 1978 letter from David Phelps to J.A. Hanson.

9. August 18, 1978 letter from J.A. Hanson to W.P. Booth and C.M. Harp.

10. August 30, 1978 letter from William P. Booth to J.A. Hanson.

11. December 26, 1978 memorandum to file by Walt Lees.

12. December 26, 1978 letter from C.M. Harp to David Phelps.

13. January 19, 1979 letter from C.M. Harp to David Phelps.

The failure of the DNC to respond to Mr. Harp's many telephone calls or his January 19, 1979 letter to Mr. Phelps made it apparent in early 1979 that further efforts to negotiate a settlement of our claim without resorting to the initiation of a formal legal action would be unavailing. As discussed throughout the enclosed correspondence, the validity of the claim was in serious dispute. A lawsuit would have involved difficult questions of fact and issues of proof, substantial litigation expenses, diversion of management time and attention, no assurance of prevailing, and possible exposure to commercially adverse publicity. Moreover, even if we did succeed in obtaining a judgment, there would appear to have only been a slim likelihood of collection of the judgment because of the DNC's shaky financial condition. Under the circumstances, a commercially reasonable decision was made not to resort to ligitation in furtherance of our collection efforts. In effect, we decided not to throw good money after bad. The fact that we were unable to work out an amicable resolution of the dispute with the DNC, however, despite our vigorous efforts, hardly supports the

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inference that by failing to succeed in such efforts we intended to make a contribution to the DNC.

Further evidence that GE never intended to make a contribution to the DNC is the fact that because of the DNC's poor credit rating and payment history, GE insisted as a condition precedent to undertaking to provide services to the DNC that it provide security for the performance of its payment obligations in connection with such services. This was accomplished by the enclosed copy of the DNC's July 18, 1977 assignment to GE of a security interest in a $5,000 Certificate of Deposit issued to the DNC by Maryland National Bank. The proceeds of this Certificate of Deposit were received by GE and applied by it against payment of the DNC's account on August 4, 1978. A photocopy of the $5,000 cashier's check from Maryland National Bank to GE, dated August 4, 1978, is enclosed herewith. This payment was in addition to $6,835.32 in payments made by the DNC during 1977.

We submit that the foregoing amply demonstrates that commercially reasonable attempts were made to collect our billings to the DNC, that there was never any intent to make a contribution to the DNC, and that no further action should be taken against either General Electric Company or General Electric Information Services Company. We trust that the Commission will agree.

If after reviewing this letter and its enclosures there remain any questions regarding this matter, we would be pleased to meet with you or Ms. Hagan to address such questions.

Very truly yours,

David Sherman
Vice President and
General Counsel

/eas

Enclosures

cc: Frances B. Hagan
(with enclosures)

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January 6, 1978

Mr. Richard Harden
Special Assistant to the President
The White House, West Wing
1600 Pennsylvania Avenue
Washington, D. C. 20500

Dear Mr. Harden:

The General Electric Information Services Division appreciates your attention regarding the outstanding invoices for the Democratic National Committee.

As you discussed with Mr. William Booth, Capital Branch Manager, I have reviewed the October and November invoices for timesharing usage by and for the Democratic National Committee; a breakdown of expenditure is attached, reflecting GE development usage and DNC usage. The DNC usage, particularly in November, was comprised of the actual data loading as well as the production of several large reports.

I have reviewed the DNC personnel activity with their General Electric technical representative. It is our assessment that current DNC personnel uses your programs expertly and efficiently. However, substantially more work (report production) is being initiated and produced than was included in original operating estimates.

The costs for entering your initial data, and the system development costs are one-time investments in your on-going system. Beginning in 1978, charges will reflect only the update information and production of requested reports. To monitor monthly billing more effectively, I suggest that easily identifiable project ID's be mandatory for all activities.

If you have further questions on these invoices, please contact me. I look forward to a prompt resolution of any difficulties so that we may concentrate on providing responsive service to the DNC.

Sincerely,

Rita L. Kaplan
Senior Account Representative

RLK:dla

cc: W. Booth, Capital Branch Manager
J. Demerly, Credit & Collection

Attachment

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[redacted]

Invoice # 394420

INC DATA LOADING AND REPORTS (Storage Included)	GE DEVELOPMENT
$ 701.83	$ 36.79
66.65	6,609.00
.93	1.02
489.96	15.08
1,722.77 (Reports)	$6,661.89
$2,982.14	

NOVEMBER

Invoice # 398879

INC DATA LOADING AND REPORTS (Storage Included)	GE DEVELOPMENT
$ 438.09	$ 43.78
369.17	2,484.66
250.66	471.56
5.78	8.55
1.81	108.69
56.73	12.46
2,864.63	.33
12.53	.80
98.20	139.64
3.52	$3,269.67
3.25	
21.60	
253.87	
1,200.27	
3,803.84	
39.20	
$9,420.16	

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DEMOCRATIC
NATIONAL COMMITTEE 1625 Massachusetts Ave., N.W.

January 10, 1977

MEMO TO: J.D. Nelson – Admin Dec

FROM: Kenneth M. Curtis – Chairman of Comm

SUBJECT: General Electric Company
Information Services Business
Division Billings

This is to instruct you to make no further payments to the above captioned company until a complete and thorough explanation is received that justifies services rendered for amounts billed.

This charge which is still escalating is unconscionably above the $2,000 per month quoted by this company.

RECEIVED
JAN 13 1977
CREDIT & COLLECTION

cc: General Electric Company ✓
Joel McCleary – Treas Dnc

LCC
We Receive in Triplicate mail. Cost over 40.2 K as of 1/13/77. Do you know if Mr Cates Contacted Mr Harvin Dnc + what action must still be taken.

JAH.
1/16/78

RECEIVED
JAN 16 1978
CREDIT & COLLECTION

RECEIVED
JAN 16 1978
L. B. RAMER

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GENERAL ELECTRIC

INFORMATION SERVICES

GENERAL ELECTRIC COMPANY, 1050 17TH ST., SUITE 480, WASHINGTON, D.C. 20036
Phone (202) 223-6565

January 31, 1978

Mr. Joel McCleary
Treasurer
Democratic National Committee
1625 Massachusetts Avenue, N.W.
Washington, D. C. 20036

Dear Mr. McCleary:

Over the past two months, there has been considerable discussion about the Contribution & Reporting System that is currently operational on the General Electric Information Services MARK III International Remote Computing Network. On Thursday, January 26, Mr. James W. Spencer, Southeast Region Manager of General Electric Information Services and I met with Mr. Richard Harden to review this situation. The purpose of this letter is to provide you with a review of that meeting as well as:

- Provide an understanding of why the past costs have exceeded the original estimates,
- Recommend a future operating methodology and an updated cost estimate,
- Summarize the benefits of the CARS System.

PAST SITUATION:

GE Information Services originally proposed the development of the CARS System at no personnel cost for programming. Between September 1 and November 15, GE Information Services was actively involved in the actual computer utilization development part of the CARS System. Between November 15 and the present, the Democratic National Committee has been actively involved in the conversion, loading and clean up of the original data base as well as generating valuable operational reports. Our original estimates of developmental time and cost were considerably exceeded due to many technical, operational and administrative factors. Our assessment of responsibility for these costs are as follows:

	GE Development	DNC Processing
October	$ 8,404	$ 1,722
November	4,469	8,220
December	5,844	12,699
	$18,717	$22,641

GRAND TOTAL - $41,358

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In addition, the estimated processing for January is $10,000. The main reason that the on-going processing costs are high is that the DNC has been using the system differently than was originally specified, and this is evidenced by the December and January processing. For example:

12/6/77	--	$600	- Ad Hoc inquiries and reporting
12/7/77	--	$110	- (9 updates and Ad Hoc reports)
		140	- (Ad Hoc inquiries and reports)
		$250	
12/8/77	--	$130	- (17 updates)
		295	- (11 updates, 12 Ad Hoc inquiries)
		$425	
12/28/77	--	$165	- (15 updates)
		232	- (Ad Hoc inquiry and reports)
		$397	
1/4/78	--	$ 1	- (Update)
		127	- (Ad Hoc reports)
		$128	
1/5/78	--	$ 11.70	-- (Updates)
		314.30	- (Ad Hoc Reports)
		$326.00	

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It is our opinion that the reasons for the cost overruns on this project have been due to low initial estimates for the development processing in terms of cost and time, project management difficulties on the part of General Electric, and thirdly, the changed use of the system by the Democratic National Committee from original specifications.

Mr. Spencer and Mr. Harden agreed that a settlement on the original developmental costs would be resolved and they would negotiate that settlement.

It is our opinion that the operating costs currently being experienced by the DNC for the use of the CARS System are not reflective of the costs if the system were used as proposed. Therefore, we make the following recommendations:

- General Electric Information Services is prepared to instruct the Democratic National Committee on operational use of CARS as it was originally proposed. This training will include an in depth review of the existing operations guide with the members of your staff.

- General Electric Information Services will also prepare a well-documented efficiencies guide that will, on a step-by-step basis, instruct the Democratic National Committee how to use MARK III Services and the CARS System in the most cost effective manner.

- General Electric Information Services will assist the Democratic National Committee in establishing CARS usage monitoring procedures.

The net result should reduce the monthly operating costs to $3,500 to $4,000 based upon a file size of 2,200 records and no Ad Hoc reporting. General Electric Information Services and Arthur Andersen & Company feel that these costs might further be reduced to $2,700 to $3,500 a month if large production-run reports are run once per month instead of twice a month on a deferred output basis.

FUTURE OPTIONS:

- The operational costs could range from a low of $2,700 per month based on a current data base of 2,200 records to a high of $5,000 a month based on 5,000 records (excluding Ad Hoc reporting) if the following efficiencies are adopted:

  1. Update once a day on an over-night basis with over-night processing to achieve significant cost savings.

  2. Process production runs on an over-night basis to achieve significant cost savings.

  General Electric Information Services recommends that the Democratic National Committee implement the above cost savings procedures prior to further processing.

- The DNC may opt to have the General Electric Custom Applications Organization evaluate the current system with the thought of rewriting CARS as a remote batch system. CAO would provide a conversion cost estimate as well as operational estimates. The DNC could then weigh the impact on cost, flexibility and convenience between on-line and remote batch approaches to processing.

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BENEFITS OF DNC CONTRIBUTION ACCOUNTING & REPORTING SYSTEM

General Electric Information Services perceives the following benefits of the CARS System as they relate to the DNC:

- CARS provides the ability to track contributions to effect a smooth and reliable inflow of contributions to the DNC.

- CARS maintains detailed background information and contribution histories on all contributors to the National Finance Council.

- CARS provides reports necessary to properly administer the NPC contribution program.
- CARS maintains timely information on contributors.
- CARS is modularly designed to afford expansion of the system with minimal effort and cost.
- CARS could significantly reduce clerical effort (1 person half-time, estimated by Arthur Andersen & Company, to maintain the system).
- CARS provides for Ad Hoc inquiry and virtually unlimited selection criteria.
- CARS is user oriented.

In summary, General Electric Information Services and members of the Democratic National Committee and Arthur Andersen and Company believe that the DNC can continue to realize the aforementioned benefits of the CARS System at a resonable cost when our efficiencies recommendations are adopted. We would appreciate your continued support of this project and look forward to a long and mutually beneficial business relationship.

Cordially,

William P. Booth

William P. Booth
Manager, Capital Sales Branch

WPB:dla

cc: R. Harden
S. Berman
J. Lambert

GENERAL ELECTRIC

INFORMATION SERVICES

GENERAL ELECTRIC COMPANY....1800 CENTURY BOULEVARD, N.E. SUITE 300
ATLANTA, GEORGIA 30345, Phone (404) 325-1628

April 27, 1978

Mr. John C. White
Chairman
Democratic National Committee
1625 Massachusetts Avenue, N.W.
Washington, D.C. 20036

Dear Mr. White:

For the past seven months, General Electric Information Services has been providing remote computing services to the Democratic National Committee.

On January 26, 1978, I met with Mr. Richard Harden, Special Assistant to the President, to review our business relationship. This discussion primarily concentrated on how General Electric and the Democratic National Committee could settle past due invoices in excess of $50,000 Since that discussion, there has been little progress in reaching any type of settlement. I spoke wih Mr. Harden on April 20, 1978 He suggested that I contact you to request your assistance in recommending an individual that can meet with us to negotiate an equitable settlement.

I would appreciate it if you would make such a recommendation so that we may bring this matter to a close. I will be contacting you on May 5 to determine who we should be talking with.

Thank you in advance for your cooperation.

Cordially,

James W. Spencer
Manager, Southern Region

JWS/jh

cc: J. Hanson
W. Booth
W. Friedmann
R. Harden

RECEIVED
MAY 03 1978
CREDIT & COLLECTION

0204034259

June 21, 1978

Mr. J. D. Nelson
Democratic National Committee
1625 Massachusetts Avenue, N.W.
Washington, D.C. 20036

Subject: COMPUTER TIME-SHARING ACCOUNT #48037
Balance Due = $52,815.00

Dear Mr. Nelson:

I am writing you this letter in an attempt to expedite the resolution of the problems which are preventing payment of the subject amount. John White advised Jim Spencer (Manager of our Southern Region) that you are the individual within the Democratic National Committee who has been assigned responsibility for attempting to solve these problems. Bill Booth (our local Capital District Manager), as the result of Jim Spencer's instructions, contacted you in order to set up a meeting at which time a settlement could be negotiated. Bill advised me that several attempts by him to establish a meeting with you have been unsuccessful. I have no doubt that a major contributing factor to this delay has been the busy schedule of all parties concerned. However, I am sure you can understand our concern when you consider the balance shown above represents invoices dated from October, 1977 through May, 1978, and the balance is increasing monthly by $1,025 due to program storage charges.

I sincerely hope you will agree with me that it is important a meeting between the Democratic National Committee and General Electric Company be held as soon as possible. Please accept this letter as General Electric Company's request that a meeting with all interested parties in attendance be held prior to June 30, 1978. In addition to resolution of the subject amount, we request that you be prepared to review the attached $5,000 Certificate of Deposit which you have assigned to the General Electric Company. Upon receipt of this letter, please contact me directly to establish a date for the meeting.

Very truly yours,

J. A. Hanson, Manager
Credit and Collection

JAH/nsl
Attachments
cc W. P. Booth
E. Dobelle
R. Harden
C. M. Harp
L. B. Ramer
J. W. Spencer
J. C. White

6204036042260

4435 July 12, 1978 C. M. Harp

DEMOCRATIC NATIONAL COMMITTEE (DNC)

TO: L. B. Ramer, Manager
Finance Operation

On July 11, 1978 I contacted J. D. Nelson (Administrator of the subject) as arranged during our meeting last week. He advised me he met with John White (Chairman) and Evan Dobelle (Treasurer) on Monday night, July 10, 1978. They discussed our agreement whereby DNC would pay $35,000 of the $54,000 outstanding June 30, 1978 balance.

Mr. Nelson advised that John White stated from a contractual standpoint they owe the money, however, both John White and Evan Dobelle do not understand if they pay the $35,000 what they would be paying for. Almost all the people that were involved with our service are no longer employed by DNC.

Mr. Nelson advised me that he suggested in response to John White's and Evan Dobelle's concern that Mr. Dobelle and I meet to discuss the matter. As a result of this suggestion, I have contacted Mr. Dobelle's office and have set up a meeting for the afternoon of Wednesday, July 26, 1978 with Mr. Dobelle, Bill Booth and myself.

As you recently requested, please find attached copies of documents from our Credit and Collection file in regards to the $19,000 credit. This credit was originally offered to the subject in the attached January 31, 1978 letter from Bill Booth to Joel McCleary who was then the Treasurer of DNC.

J. A. Hanson, Manager
Credit and Collection

JAH/nsl

Attachments

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0204042662

August 3, 1978

Mr. Evan Dobelle, Treasurer
Democratic National Committee
1625 Massachusetts Avenue, Suite 400
Washington, D.C. 20036

Dear Mr. Dobelle:

I appreciate very much your meeting with Bill Booth and me to discuss the outstanding June 30, 1978 balance in the amount of $53,838.05. This is to confirm that you accept our offer of a $18,717.00 credit and that you agree to the payment of the remaining balance of $35,121.05. You also agreed to our taking the proceeds from the one year $5,000 Certificate of Deposit #I-17881 dated July 22, 1977 and applying it to this remaining balance.

We briefly discussed your financial condition, and you advised a reasonable payout schedule would be established early next week to pay the $30,121.05 balance. We agreed that I would contact J. D. Nelson next Tuesday morning to discuss this further.

As we explained to you, your programs and data were transferred in July to "archival storage". This will result in a $100 per month charge to the Democratic National Committee. To eliminate this monthly charge, I would recommend your reviewing your needs and making a decision as soon as possible as to whether you want to remain on our service.

Should you need any further information, please contact me directly.

Very truly yours,

J. A. Hanson, Manager
Credit and Collection

JAH/nsl

cc W. P. Booth
J. D. Nelson

bcc L. B. Ramer
J. W. Spencer

Blind note to LBR: During our meeting, Evan Dobelle stated DNC is in serious financial condition. He was concerned about the $100 per month charge. I would not be surprised that they come back to us with a payout schedule of $1,000 per month for the next 30 months. For my benefit, I am sure, Evan told me last week he visited Frank Borman, Eastern Airlines (who they owe $288,000). Evan said he gave them a $5,000 check as payment on account. Throughout our conversation, Evan kept dropping R. H. Jones' name, particularly, when he discussed several campaign fund raising dinners that are scheduled for the Fall. I will try to work out the best payout schedule possible, but I will be handicapped unless we want to take a very strong position.

DEMOCRATIC
NATIONAL COMMITTEE 1625 Massachusetts Ave., N.W. Washington, D.C. 20036 (202) 797-5900

August 15, 1978

Mr. J. A. Hanson
General Electric Information Services
401 N. Washington Street
Rockville, MD 20850

Dear Mr. Hanson:

Before we finalize our agreement with regard to the amount of credit on the balance owed, we would like to have a more complete breakdown of the invoices relating to "GE Development" and "DNC Processing". I offer the following example to illustrate why we feel that GE has underestimated the "development cost".

In the January 31, 1978 letter Mr. William P. Booth sent, he indicated that GE spent $5,844 on development cost during December. A review of the December invoice indicates that the cost of 7234 "program storage units" was $5,787. He must assume that a significant number of the 74,322 "computer resource units" at a cost of $8,918 related to the development of these programs and should be included in the "GE Development Cost" and not billed to the DNC.

We would like a more complete breakdown of the invoices for October, November, and December, 1977 and January 1978 in order to make our own estimate of the development costs.

In addition, we would like to point out statements made by GE in their proposal to the Democratic National Committee page no. 33 as follows:

"Since implementation will be carried out on a Time and Materials basis, it should be noted that the following estimate of personnel time and MARK III service development costs represent a best approximation and should not be construed as a guarantee or upper limit. General Electric will notify DNC as soon as practicable if an estimate will be exceeded, in which case DNC may either terminate the agreement, paying only for charges incurred to that time, or increase the authorized funding and/or time to complete the job.

RECEIVED
AUG 17 1978
CREDIT & COLLECTION

8204034263

A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commision, Washington, D.C.

Note that all development work will be performed in DNC's catalog, and DNC will be billed directly in accordance with the terms of the Agreement for Computer Services".

We were not notified that costs were going to be approximately $12,000 per month during the four month period in question which obviously exceeded the $2,200 per month estimate.

Sincerely,

David Phelps

David Phelps
Administrator

DP/sm

8204034442264

[redacted]

[redacted] August 18, 1978 [redacted] L. E. Moser
J. W. Spencer

[redacted] DEMOCRATIC NATIONAL COMMITTEE (DNC)
Washington, D.C.

TO: W. P. Booth, Manager
Capital District

C. M. Harp, Manager
C&C Customer Accounts

Since our August 2, 1978 meeting with Evan Dobelle (Treasurer) and J. D. Nelson (Administrator), Mr. Nelson advised me that he was leaving DNC and that I should contact David Phelps who works for Evan Dobelle. I spoke with David once on August 11, 1978 regarding the payment schedule for the remaining outstanding balance, and he advised me that he had not gotten together with Chairman White for him to approve the schedule. David requested I call him on August 14th. I tried to reach David twice, but was unable to do so and now I have received the attached August 15, 1978 letter. Of interest, David is now the new Administrator.

My initial reaction to the letter was that we went over this matter with Mr. Nelson and Evan Dobelle and reached an agreement (which I confirmed in my August 3rd letter), and we do not want to get involved in another discussion on the matter. However, I do feel if we take this approach we stand a good chance of not getting paid. I feel we should answer David's questions. I request you review the attached letter and give me your position as soon as possible so I can respond. Bill, can you provide me with further details (amount of PSU's, CRU's, etc.) supporting our credits for each month. I do not have a copy of our proposal so I cannot comment on the "$2,200 per month estimate". Did we quote a $2,200 per month processing cost to run the "CARS" system.

J. A. Hanson, Manager
Credit and Collection

JAH/nsl

Attachment

8204034426 5

GENERAL ELECTRIC
Information Service Sales Department
1050 17th St., NW—Suite 450
Washington, D.C. 20036

DIAL COMM: 8*272- DATE: August 30, 1978 COPIES: L. B. Sumner
J. W. Spencer

SUBJECT: Democratic National Committee

To: J. A. Hanson, Manager Credit and Collection

From: W. P. Booth, Manager Capital District

I was surprised to receive your letter and the attached letter from David Phelps of the Democratic National Committee. I thought that we had once and for all put this one to bed. Obviously Phelps has not been brought up to date on this situation. I feel that my letter of January 31, 1978 to Joel McCleary as well as Jim Spencers' letter of January 26 to Richard Harden, explains the situation quite adequately.

Members of my staff as well as yours, have spent considerable time in trying to accommodate these people and each time someone leaves the organization we start all over again.

The dollar amounts that were attributable to G.E. and the D.N.C. were arrived at by examining the invoices of October, November and December of 1977 where we were still involved in the development, and by identifying the prior project ID. The heavy usage of the system by the D.N.C. started in November.

If you feel a more complete breakdown on these invoices is necessary, I can make Kathy Turner, the Senior Technical Representative who developed the system, available for a few hours, to review with you where the D.N.C. was using the system and where we were developing the system.

I recognize that we did a less than adequate job of managing the project, particularly in terms of notifying them when costs were going to be exceeded. However, I personally notified Stan Berman of Arthur Anderson that the October bill was going to be in excess of $8K, and that November was also going to be an extremely high month and that D.N.C. was using the system differently than proposed.

Regards,

William P. Booth
Manager, Capital Sales District

Attachments

WPB:rdc

RECEIVED
SEP 05 1978
CREDIT & COLLECTION

8204034426 6

December 26, 1978

MEMO-FOR RECORD: DEMOCRATIC NATIONAL COMMITTEE DISPUTE

TO: FILE

CC: B. A. Barron
J. A. Hanson
F. R. McNees

BACKGROUND

DNC owes us $32,610.86 against November, 1977 through November, 1978 invoices, and we are increasing their balance by $206.22 per month for archival storage. Credit & Collections has actively sought to collect this bill. However, due to the re-opening of the dispute, changes of DNC personnel, and bureaucratic red tape, they have been unsuccessful to date. Jack Hanson has advised me that this dispute is almost certainly uncollectable because of the above reasons.

RECOMMENDATION

1) Process a "record only" credit against 1978 revenue for the total amount.

2) Send DNC our standard C&C letter advising them that service will be cancelled effective January 31, 1979.

L. B. Ramer should concur with the above actions to confirm that the concession will not be considered a contribution to the Democratic Party.

Walt Lees, Manager
Sales Administration

/mch

820403042667

GENERAL ELECTRIC

GENERAL ELECTRIC COMPANY ..... 401 N. WASHINGTON STREET
ROCKVILLE, MARYLAND 20850 PHONE (301) 340-4000

December 26, 1978

David Phelps, Administrator
Democratic National Committee
1625 Mass. Ave. N.W.
Washington, D.C. 20036

Subject: Computer Time-Sharing Account #48037

Dear Mr. Phelps:

This is to advise you that in accordance with our Agreement for Computer Services, your access to our Computer Time-Sharing Services will be terminated effective January 31, 1979.

Very truly yours,

C.M. Harp, Manager
Credit and Collection Customer Accounts

CMH/emm

RETURN RECEIPT REQUESTED

8204034426 8

[redacted]
Company

January 19, 1979

Mr. David Phelps, Administrator
Democratic National Committee
1625 Mass. Ave. N.W.
Washington, D.C. 20026

Subject: Computer Time-Sharing Account #48037
Balance Due: $32,611.00

Dear Mr. Phelps:

Since November 6, 1978, I have called your office over 20 times in an attempt to talk to you about setting up a meeting to review your account. It has gotten to the point that I believe that I am starting to irritate the people who answer the phone in the Treasurers Office, and I can assure you that this is something I do not enjoy doing.

On the one occasion, January 8, 1979, that I was able to speak with you, you agreed that a meeting was in order, that would allow me to respond to the questions you raised about the balance due. You indicated that you would call me back the next day and advise me of a time that would be convenient for the meeting. Since that date, I have again called your office four times and left messages.

Very honestly Mr. Phelps, this letter is being written out of pure frustration on my part. I believe that I have a responsibility to General Electric and that you have a responsibility to the Democratic National Committee to resolve the dispute which is holding up payment of the above amount. Please call me at 258-2722 so that we can set up a mutually convenient time and resolve this long standing matter.

Very truly yours,

C.M. Harp

C.M. Harp, Manager
Credit and Collection Customer Accounts

CMH/emm

cc: E. Dobelle
J.A. Hanson

bcc: Jim Spencer
W. Booth

8204034442 69

GENERAL ELECTRIC

July 18, 1977

The Maryland National Bank
401 North Washington Street
Rockville, Maryland 20850

The undersigned, THE DNC SERVICES CORPORATION, Washington, D.C., (the Customer), hereby assigns to the GENERAL ELECTRIC COMPANY, 401 North Washington Street, Rockville, Maryland 20850 (the Company), all right, title, and interest in the Principal of the attached one-year Certificate of Deposit as security for the Customer's open credit account with the Company.

The undersigned Customer hereby authorizes and directs the Company in the event of failure to pay any of the Customer's financial obligations to the Company, to apply the Principal represented by the attached Certificate, or such part of such Principal as may be necessary, to the payment, of any and all indebtedness and liabilities then due to the Company.

The Company agrees that in the event of any of the following Contingencies to the Company, this assignment will immediately terminate:

1) Petition for Bankruptcy, Insolvency or Reorganization;
2) Appointment of a Receiver, Trustee or Keeper;
3) Assignment for the Benefit of Creditors.

The Company agrees to file with the DNC a release form which will order The Maryland National Bank to transfer the Certificate of Deposit to the DNC at the end of the term of the contract or in the event of any of the Contingencies enumerated above.

Witness:

THE DNC SERVICES CORPORATION

By:

J.D. Nelson, Administrator

8-5-77
GEORGE M. RILEY,
JR.

8204034270

INV#	DATE		AMOUNT	DISC	CR/ADJ	NET	CD	CC#
384420	771031	YFOIGENINV	9844.04	0.	0.	9844.04	DII	731
	DNC SERVICES CORP							
	DNC SERVICES CORP							
398879	771130	YFOIGENINV	12690.64	0.	0.	12690.64	DII	731
	DNC SERVICES CORP							
	DNC SERVICES CORP							
413442	771231	YFOIGENINV	17872.37	0.	0.	17872.37	DII	731
	DNC SERVICES CORP							
	DNC SERVICES CORP							
428141	780131	YFOIGENINV	8329.94	0.	0.	8329.94	DII	731

maryland national bank
P.O. BOX 467 BALTIMORE, MARYLAND 21203

CASHIER'S CHECK 7-18 520

RVD 2876634

PAY
TO THE
ORDER OF General Electric- $ 5,000.00

August 4, 19 78

$5000 AND 00 CTS

DOLLARS

CD # I-17881-S

Betty B. Buchan
AUTHORIZED SIGNATURE

#2876634# :0520-00166: 002-002 4# 98

CASHIER'S CHECK

743
II 731
II 731
II 731
II 731
II 731

55030.00*****

A/R

apply attached check as follows

Invoice	amount
384420	1240.04
398879	8759.96
	$5000.00

Do not send O/I

etc
8/4/78

David Sherman, Esq.
General Electric
ormation Services
Company
Washington Street, Rockville, Maryland 20850

Address Correction Requested

8204034427 2



Ms. Frances B. Hagan
General Counsel's Office
Federal Election Commission
Washington, D.C. 20463

HARRY S. TRUMAN AIRPORT • P. O. BOX [illegible] • ST. THOMAS, U. S. V. I. [illegible] • TELEPHONE (809) 774-[illegible], 774-7725

January 30, 1981

FEB 5 1981 08:18

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

Mr. John Warren McGarry
Chairman,
Federal Election Commission
Washington, D.C. 20463

Dear Sir:

This is in response to your letter of January 22, 1981 which was received earlier today from the U.S. Postal Service. (Re: MUR 1206).

It is stated in the letter that there is reason to believe that Aero Virgin Islands violated a certain section of the Federal Election Campaign Act of 1971 by making a contribution to the Democratic National Committee Services Corporation.

Aero Virgin Islands did not make any contribution to the Democratic National Committee Services Corporation and had no intention to do so.

The fact that there may not have been any follow-up to collect any money that may be due from the Democratic National Committee Services Corporation would be entirely inadvertent; and now that this matter has been brought to my attention I will direct that action be initiated to collect whatever amounts are due from that organization.

It is a matter of established fact and record that the accounts of Aero Virgin Islands Corporation are poor, there are many reasons for this (but primarily because of a turn-over of personnel responsible for our accounting -- including the manager) and that fact is documented with many persons and several government agencies, and copies of the many letters that establish this fact(over a period of more than three years) are available for anyone to see at any time. (In addition to many other things, you will find that we are a relatively small corporation with understaffing in all departments except for flight and maintenance and operations personnel).

Sincerely,

Reuben B. Wheatley, President

PUERTO RICO: INTERNATIONAL AIRPORT, ISLA VERDE, PUERTO RICO 00913 (809) 791-1215

2040344273

AERO VIRGIN ISLANDS, Corp.
HARRY S. TRUMAN AIRPORT • P. O. BOX 906 • ST. THOMAS, U. S. V. I. 00801

C20403474

CHARLOTTE AMALIE, V.I. 00802
FEB 2 1981

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

ATTENTION: MR: JOHN WARREN McGARRY
CHAIRMAN

Hotel Copy Centers
SHERATON WASHINGTON BRANCH

Ms. Frances B. Hagan
FEDERAL ELECTION COMMISSION
Washington, D.C. 20463

RE: MUR 1206

Dear Ms. Hagan:

Enclosed is a copy of our certificate of corporation dated March 24, 1978. Before March 24, 1978 we were Hotel Copy Centers of Washington a sole proprietorship.

Thank you.

Sincerely,

Suanne Dixon

Suanne Dixon

EAGLE-A
Trojan Bond
25% COTTON FIBER

31 FEB 5 P1:59

GENERAL COUNSEL
OFFICE OF THE
RECEIVED

2660 Woodley Road, N.W. • Washington, D.C. 20008 • 328-2000 Ext. 2769

#20403442275

OFFICE OF RECORDER OF DEEDS
Corporation Division
Sixth and D Streets, N. W.
Washington, D. C. 20001

CERTIFICATE

THIS IS TO CERTIFY that all applicable provisions of the District of Columbia Business Corporation Act have been complied with and ACCORDINGLY this Certificate of [redacted] is hereby issued to [redacted]

as of March 24, 19--78

PETER S. RIDLEY,
Recorder of Deeds, D.C.

By David H. Cole
Assistant Superintendent of Corporations

B20403442276

Government of the District of Columbia
Form RD-C 53
Rev. July 1963

J-66444—76

Hotel Copy Centers, Inc.
Sheraton Washington Branch
2660 Woodley Road, N.W.
Washington, D.C. 20008

6204038442777

Ms. Frances B. Hagan
FEDERAL ELECTION COMMISSION
Washington, D.C. 20463

81 FEB 2 P4:01

[redacted]

January 30, 1981

FEB 2 198:

RECEIVED
OFFICE OF THE
GENERAL COUNSEL
81 FEB 2 P4:38

Mr. John Warren McGarry
Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Re: MUR 1206

Dear Mr. McGarry:

On behalf of the Democratic National Committee (DNC), we would like to request an extension of time to respond to the Commission's letter, dated January 22, 1981, in the above-referenced matter. In its letter the Commission advised the DNC that it had found reason to believe that the DNC violated 2 U.S.C. § 441b(a) and provided the DNC 10 days to respond.

Because the Commission's allegations concern fifteen different vendors, it will take more than 10 days for the DNC to review its files to provide the Commission with additional information. Therefore, we request an extension until February 10, 1981 to respond.

Sincerely,

Lynda S. Mounts

Ronald D. Eastman
Lynda S. Mounts

Counsel for Democratic National Committee

RDE/LSM/dw

cc: Kenneth A. Gross

0 2 0 4 0 3 4 2 7 8

Cadwalader, Wickersham & Taft
1333 New Hampshire Avenue, N.W.
Washington, D.C. 20036

RECEIVED
81 FEB 2 P4:01

Mr. John Warren McGarry
Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Attention: Kenneth A. Gross
Assistant General Counsel

RECEIVED
81 FEB 2 AM 9:23

8204031479

6 0 0 4 0 3 4 4 2 8 0

FEC #3882

81 FEB 2 P4:02

81 FEB 2 P4:37

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF THE GENERAL COUNSEL

January 30, 1981

Ms. Frances B. Hagan
Federal Election Commission
Washington, D. C. 20463

Re: MUR 1206
(Our File: 242-20)

Dear Ms. Hagan:

We are in receipt of your letter dated January 22, 1981 regarding the Democratic National Committee and alleged violations of the Federal Election Campaign Act of 1971.

This shall serve to confirm your telephone conversation with Mr. Bruce Negri that the undersigned, present managing agent for the Ramada Inn, East Brunswick, New Jersey, had no involvement with the Inn during the period when the alleged violations occurred (February 1976 through July 1978).

Please advise the undersigned if you shall require anything further.

Very truly yours,

EDINN MANAGEMENT CORP.

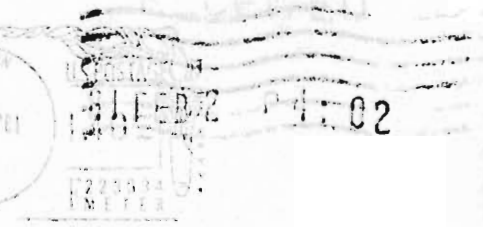
Robert Lichtenstein

Robert B. Lichtenstein
Assistant General Counsel

RBL:fsw

Via Certified Mail - RRR





R.R.

CERTIFIED

P17 2151008

MAIL

Ms. Frances B. Hagan
Federal Election Commission
Washington, D.C. 20463

Playboy Limousine Inc.

January 29, 1981

RECEIVED
FEDERAL ELECTION COMMISSION
GENERAL COUNSEL
81 FEB 2 AM 11 32

Frances B. Hagen
Federal Election Commission
Washington, D. C. 20463

Dear Miss Hagen:

Regarding our telephone conversation of yesterday, concerning the bill to the Democratic National Committee for October, 1977. As I told you that outstanding bill was taken care of March 19, 1980.

This account was not written off and continually billed from the time of use, October, 1977. We were promised payment off and on and were finally taken care of after the Arthur Anderson Co. audited the Committee and requested information as to a balance due our Company. (I have enclosed copies)

As I explained to you, this account received no special treatment or favors, and as a result of this, when we had a request for additional service at another time, we made them pay cash or use a credit card.

If you need additional information concerning this matter, please advise.

Thank you.

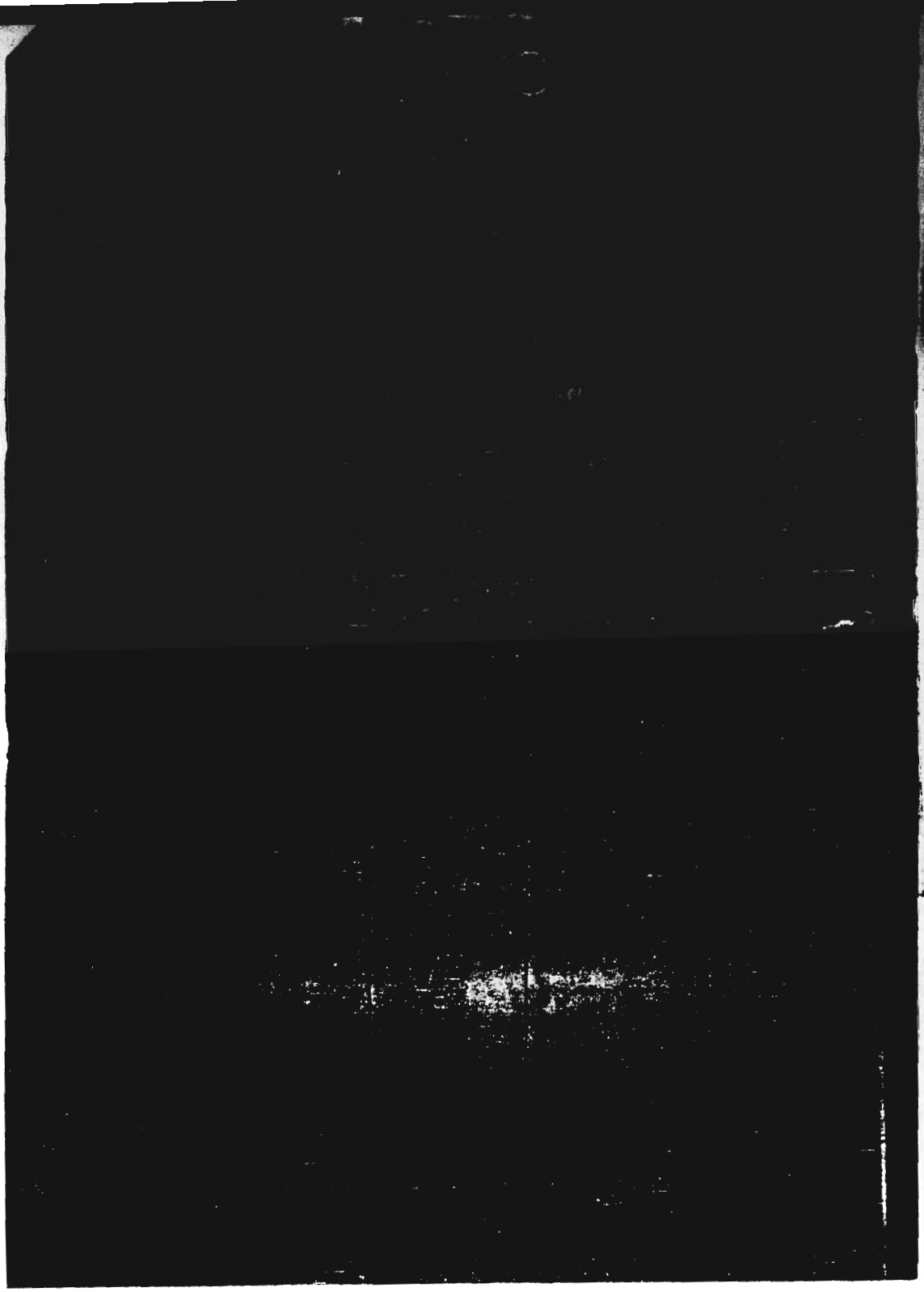
Sincerely,

Marjorie Kinkel
General Manager

MK/hc
Encl.

8204034282

8204034442283



Sorry part of the writing
of the sign - thunderstorm
from a year ago

STATEMENT

PLAYBOY LIMOUSINE, INC.

"Limousines Chauffeured with Distinction"®

1629 - TWE
SANTA

PHON

DAT

ATIC NATIONAL COMM
MASSACHUSETT AVENU
INGTON D.C. 2003

Please return with remittance to above address for proper crediting to your account

DATE	INVOICE NO.	DEBIT	CREDIT	BALANCE DU
10-15-79		195.98		
10-16-79		155.25		
10-17-79		51.75		

ENCLOSED ARE DUPLICATE COPIES OF THE ABOVE TICKETS

3/19/80 Ch# 4472 402.98 -0-

THANK YOU

CLIENT COPY White | HEAD OFC. COPY Canary | DRB COPY Pink | CO. COPY Goldenrod

8204034442084

DE
NATIONAL COMMITTEE

January 30, 1980

Playboy Limousine, Inc.
1629 Twelfth Street
Santa Monica, CA 90404

Gentlemen:

Our auditors, Arthur Andersen & Company, are now engaged in an examination of our financial statements. In connection therewith, please advise them in the space provided below whether or not there is a balance due you by the Democratic National Committee as of December 31, 1979. If there is a balance due, please attach a statement of the items making up such balance.

After signing and dating your reply, please mail it directly to Arthur Andersen & Company, 1666 "K" Street, N.W., Washington, D.C. 20006. A stamped, addressed envelope is enclosed for your convenience.

Very truly yours,

Pat Whitaker

Democratic National Committee

Arthur Andersen & Co.:

Our records indicate that a balance of $ 402.98 was due from the Democratic National Committee at December 31, 1979 as itemized in the attached statement.

Dated: 2/6/80 Signed: Telecom Chairman

A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commission, Washington, D.C.

82040344285

PLAYBOY LIMOUSINE INC.

1629-12th STREET
SANTA MONICA, CALIFORNIA 90404



FEDERAL ELECTION COMMISSION

WASHINGTON, D. C. 20463

Atten: Frances B. Hagen

9204054436

1991 3948

EUGENE L. GOODRIDGE
BENJAMIN CARELL, IV, Virginia and District of Columbia
GORDON A. GREEN, Virginia Only
Of Counsel
ROTAN E. LEE, Pennsylvania Only

[redacted], P.C.
ATTORNEYS
1700 K STREET, NORTHWEST
WASHINGTON, D.C. 20006
(202) 833-1200

January 28, 1981

RECEIVED
FEDERAL ELECTION COMMISSION
GENERAL COUNSEL
81 JAN 29 AM 8:40

Federal Election Commission
Washington, D.C. 20463

Re: MUR 1206
Respondent: Action Surveys, Inc.
Attn: Frances B. Hagan

Dear Sirs:

Action Surveys, Inc. performed one job for the Democratic National Committee, in the amount of $485.00 which was billed on August 22, 1977, with expectation of payment. (See attached copy of invoice.)

Prior to October 15, 1978, Action Surveys, Inc. had no receivables control or summary ledger or book or system, and merely filed copies of statements in client files. Repeat billings of unpaid bills were not made, as all customers paid promptly.

When the receivables control was set up by Action Surveys, Inc. in October, 1978, current billings only were listed. No effort was made to determine whether billings in customer files had been paid, because payments from customers had not been recorded separately by customer on the books and no notation of payment was made on the bills themselves. It was assumed that all old bills had been paid, and, in fact, Action Surveys, Inc. could not prove by its records that a particular billing in 1977 was paid or unpaid. Action Surveys, Inc. first discovered that the billing of the Democratic National Committee was claimed to be unpaid as a result of your letter dated January 22, 1981.

Since October 15, 1978, Action Surveys, Inc. has had a receivables control and records of individual customer payments, sends repeat invoices and takes all necessary collection steps. If it had known that the Democratic National Committee bill was unpaid prior to August 22,1980, when the Statute of Limitations ran on enforcing the payment of the bill, it would have taken collection steps to attempt to effectuate payment. Now, it is legally powerless to collect it.

Such a circumstance could not be repeated under current accounting practices and procedures in place at Action Surveys, Inc.

Sincerely yours,

Eugene L. Goodridge

Eugene L. Goodridge

ELG:el
Enclosure
cc: Joe E. Greene, President

82040344267

August 22, 1977

Invoice # 77-08-13

Democratic National Committee
1625 Mass. Ave., N.W.
Washington, D.C. 20036

Attn: Mr. Scott Wolf

FOR SERVICES TO:

Virginia Survey (# 1001)	$485.00
DUE UPON RECEIPT	$485.00

THANK YOU. WE APPRECIATE YOUR BUSINESS.

8204037442988

LAW OFFICES
EUGENE L. GOODRIDGE, P.C.
SUITE 406
1700 K STREET, NORTHWEST
WASHINGTON, D.C. 20006

820403142

WASHINGTON, D.C.
PM
27 JAN
1981

UNITED STATES

Federal Election Commission

Washington, D.C. 20463

Attn: Frances B. Hagan

RECEIVED
FEC 3864
81 JAN30 P12:49

CERTIFIED MAIL

Office of the General Counsel

Ford Motor Company
The American Road
Dearborn, Michigan 48121

January 26, 1981

81 JAN 30 P4:00
RECEIVED
FEDERAL ELECTION COMMISSION
GENERAL COUNSEL

Office of the General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Attention: Ms. Fran Hagen

Re: MUR 1206

Dear Ms. Hagen:

This is in response to the Federal Election Commission's letter to Ford Motor Company dated January 22, 1981. Although it is impossible to determine from your agency's letter specifically what the Company is alleged to have done, in our telephone conversation of January 23, 1981, you stated to me that the alleged violation consisted of failing to pursue debts owed since 1976 by the Democratic National Committee Services Corporation (the "Committee") to Ford Motor Company totalling $4,000, thereby contributing that sum to the Committee.

We hereby deny any such violation. As I informed you in our conversation, the Company has not only pursued that indebtedness, it has received payment in full. Enclosed are copies of Company records (Cash Receipts) recording two separate payments of $2,000 each from the Committee and the Affidavit of Ronald E. Grahlman of our Accounts Receivable department.

As Mr. Grahlman's affidavit states, we are seeking to obtain from our bank copies of the cancelled checks from the Committee, but we expect a two week delay. When they arrive, I will forward them to you.

I trust that the foregoing will satisfy the Federal Election Commission that there has been no violation. If you wish further information, my telephone number is (313) 337-6332.

Sincerely yours,

Sally W. Staebler

Sally W. Staebler
Senior Attorney

SWS:cn

8204034290

AFFIDAVIT
OF
RONALD E. GRAHLMAN

Ronald E. Grahlman, being duly sworn, says:

1. I am employed by Ford Motor Company in its Accounts Receivable Department.

2. In the normal course of my duties I have had responsibility for the account receivable (now closed) of the Democratic National Committee Services Corporation (the "Committee") with the Company.

3. In 1976, the Committee incurred indebtedness to the Company in the sum of $4,000.

4. As a result of the Company's repeated requests for payment, the Committee sent a check for $2,000 which was received October 3, 1979, as recorded on Cash Receipt T436141, a copy of which is attached hereto. Further requests for payment resulted in receipt of a check for $2,000 from the Committee which was received February 8, 1980, as recorded on Cash Receipt #T448963, a copy of which is attached hereto.

5. There was no other debt owed by the Committee to the Company and there is now no debt owed by the Committee to the Company.

6. Copies of the cancelled checks from the Committee should be available from our bank, Manufacturer's National Bank in Dearborn, Michigan. However, although we have requested the two checks, we are informed that there will be a delay of up to two weeks in obtaining them.

Ronald E. Grahlman

Ronald E. Grahlman

Subscribed and sworn to before me
this 26th day of January, 1981.

Candyce L. Niedson

Notary Public

CANDYCE L. NIEDSON
Notary Public, Wayne County, Michigan
My Commission Expires February 16, 1981

8204034291

Cash Receipt

Dept. Acct.	Div. Code	Rec. Acct.			Qty.	Amount
06M	H	01	263933			200000

How Paid: ☐ Cash ☒ Check ☐ Draft ☐ Over Counter ☒ By Mail ☐ Money Order

Net Amount

* Enter "DR" for Debits Credits are Unmarked

Received By

Cashier

Copy 3

No.#T436141

Form 150-140

D. N. C. SERVICES CORPORATION
WASHINGTON, D.C. 20036

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW
IF NOT CORRECT PLEASE NOTIFY US PROMPTLY. NO RECEIPT DESIRED

DELUXE - FORM WVC-3 V-7

21005 1
06M (H) 01 263933

INV - H263933 2/12/76

Ref - 263933

Payee code: U0051 | Page No. 1 / 1 | Date 2/4/70

From: DNC Services

Dep. Acct.	Div. Code	Sub. Acct.	Reference	Dept.	Dr.	Amount
OGM	H01		275194			200000

Paid: ☐ Cash ☐ Check ☐ Draft ☐ Over Counter ☐ By Mail ☐ Money Order

Net Amount

* Enter "DR" for Debits Credits are Unmarked

Received By

Cashier

Copy 3

No.#T 448963

Ford Motor Company — General Services Division — P.O. Box 1710 — Dearborn, Michigan 48121

Cash Receipt

820403442 9

Jan 1972 150-140 (Prev. Editions May Not Be Used)

D. N. C. SERVICES CORPORATION
WASHINGTON, D.C. 20036

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW
IF NOT CORRECT PLEASE NOTIFY US PROMPTLY NO RECEIPT DESIRED

DELUXE - FORM WVC-3 V-7

Invoice # 2- H-275194

U0051

OGM (H) 01 275194

02040310294

Ford Motor Company
The American Road
Dearborn, Michigan 48121

CERTIFIED MAIL
No. 82752
RETURN RECEIPT
REQUESTED

CERTIFIED MAIL

Ford
World Car Company



Office of the General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Attention: Ms. Fran Hagen

RAMADA Route 18 and Nixon Drive • East Brunswick, N.J. 08816 • 201 • 846-1400

81 JAN 30 P12 : 47

January 27, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Nat Sedley
2101 South Ocean Avenue
Building #4 Apartment 2303
Hollywood, Florida 33019

Dear Mr. Sedley:

Enclosed is the original stationery regarding correspondence from the Federal Election Commission, Washington, District of Columbia, dated January 22, 1981. Since the incident described therin pertains to the period prior to Prime Motor Inns contractual obligations (namely, before December 14, 1978), all attachments are being forwarded to your attention. Frances B. Hagan was advised as per telecon this day with the Assistant General Manager here, Bruce Negri, of our intention to direct the information to you.

We appreciate your cooperation in this matter.

Respectfully yours,

Earl W. Peterson

Earl W. Peterson
General Manager

EWP:jh

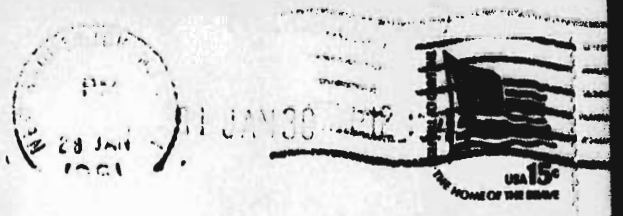
enc: 5

cc: Allan Russ Esq., Attorney for Nat Sedley
Federal Election Commission, Frances B. Hagan
Prime Motor Inns - T. Brodt
R. Lichenstein
D. Neeb

8204034429 5

RAMADA
Exit 9 N.J. Turnpike
Route 18 and Naricon Place
East Brunswick, N. J. 08816

26 0 4 0 3 1 4



Federal Election Commission
Frances B. Hagan
Washington, D.C. 20463

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 22, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Triplex Direct Marketing Company
616 Canal Street
San Rafael, California 94901

RE: MUR 1206

Dear Sir or Madam:

On January 13, 1981, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal anlaysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your corporation, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be 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 investigation to be made public.

8204034297

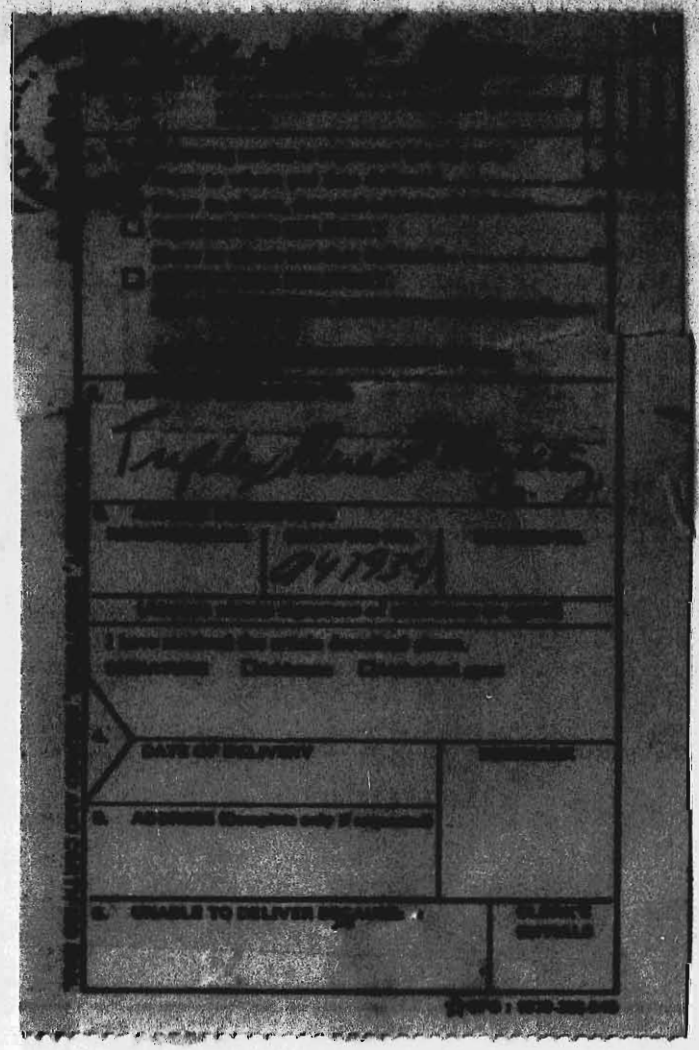
For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

John Warren McGarry
Chairman

Enclosures

General Counsel's Factual and Legal Analysis
Procedures



8204034298

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE January 22, 1981

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Triplex Direct Marketing

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, another corporate vendor apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1978. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

8204034299

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

Auditors stated that the Committee could not produce evidence of any vendor attempts to obtain payment. The Committee controller indicated to the auditors that, for all but fundraising and operating expenses, the Committee pays debts only in response to vendor pressure. The controller also noted that certain billings are disputed. All outstanding debts are continuously reported.

Of the corporate debts referred to the Office of General Counsel, six were incurred in 1976, nine in 1977, and five in 1978. The oldest dates back to February 1976, the most recent to July 1978. While we do not know the normal business or trade practice for each corporation's granting of credit, it appears that extensions of two to five years are excessively long. In this case, no apparent attempts were made by debtor or creditors to pay the debts or seek settlement.

Therefore, the General Counsel recommended that the Commission find reason to believe that the following violations occurred.

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that the Triplex Direct Marketing violated 2 U.S.C. § 441b(a).

8204034300

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 22, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Action Survey, Inc.
817 Silver Spring Avenue
Silver Spring, Maryland 20910

RE: MUR 1206

Dear Sir or Madam:

On January 13, 1981, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal anlaysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your corporation, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be 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 investigation to be made public.

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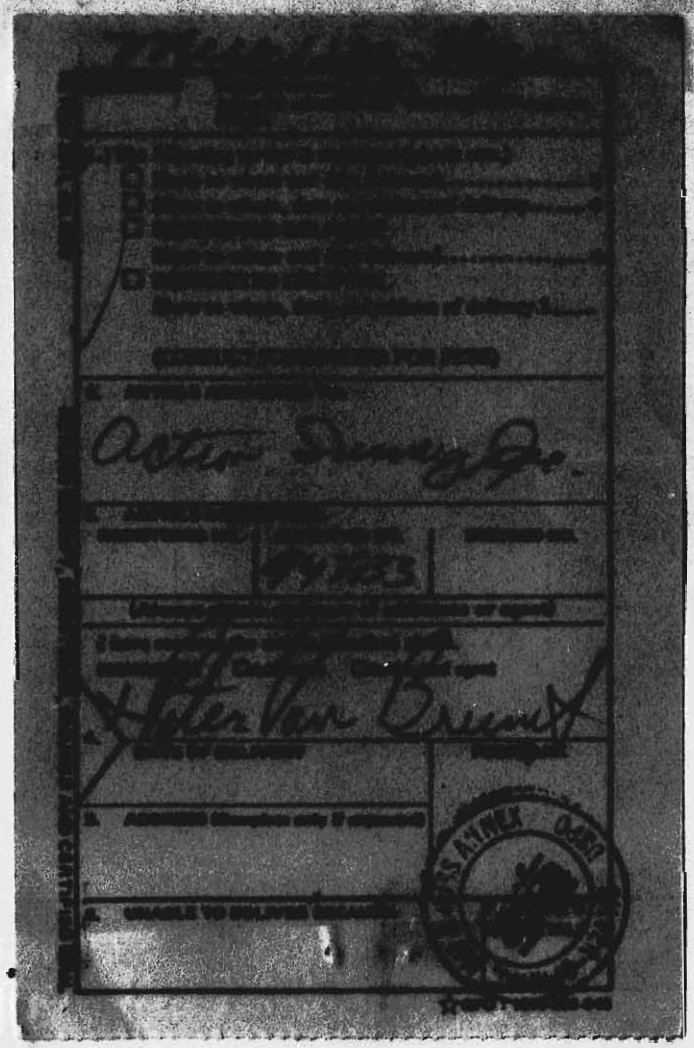
For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

John Warren McGarry
Chairman

Enclosures

General Counsel's Factual and Legal Analysis
Procedures



8204034430 2

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE January 22, 1981

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Action Survey, Inc.

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

8204034303

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, another corporate vendor apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1978. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

Auditors stated that the Committee could not produce evidence of any vendor attempts to obtain payment. The Committee controller indicated to the auditors that, for all but fundraising and operating expenses, the Committee pays debts only in response to vendor pressure. The controller also noted that certain billings are disputed. All outstanding debts are continuously reported.

Of the corporate debts referred to the Office of General Counsel, six were incurred in 1976, nine in 1977, and five in 1978. The oldest dates back to February 1976, the most recent to July 1978. While we do not know the normal business or trade practice for each corporation's granting of credit, it appears that extensions of two to five years are excessively long. In this case, no apparent attempts were made by debtor or creditors to pay the debts or seek settlement.

Therefore, the General Counsel recommended that the Commission find reason to believe that the following violations occurred.

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that the Action Survey, Inc. violated 2 U.S.C. § 441b(a).

8204034304

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 22, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Roper Organization
One Park Avenue
New York, New York 10016

RE: MUR 1206

Dear Sir or Madam:

On January 13, 1981, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal anlaysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your corporation, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be 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 investigation to be made public.

8204034305

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

John Warren McGarry
Chairman

Enclosures

General Counsel's Factual and Legal Analysis
Procedures

8204034306

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE January 22, 1981

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Roper Organization

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, another corporate vendor apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1978. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

8204034307

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

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Of the corporate debts referred to the Office of General Counsel, six were incurred in 1976, nine in 1977, and five in 1978. The oldest dates back to February 1976, the most recent to July 1978. While we do not know the normal business or trade practice for each corporation's granting of credit, it appears that extensions of two to five years are excessively long. In this case, no apparent attempts were made by debtor or creditors to pay the debts or seek settlement.

Therefore, the General Counsel recommended that the Commission find reason to believe that the following violations occurred.

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that the Roper Organization violated 2 U.S.C. § 441b(a).

8204034308

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 22, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ramada Inn
Rt. #18 & Schoolhouse Lane
East Brunswick, New Jersey 08816

RE: MUR 1206

Dear Sir or Madam:

On January 13, 1981, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal anlaysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your corporation, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

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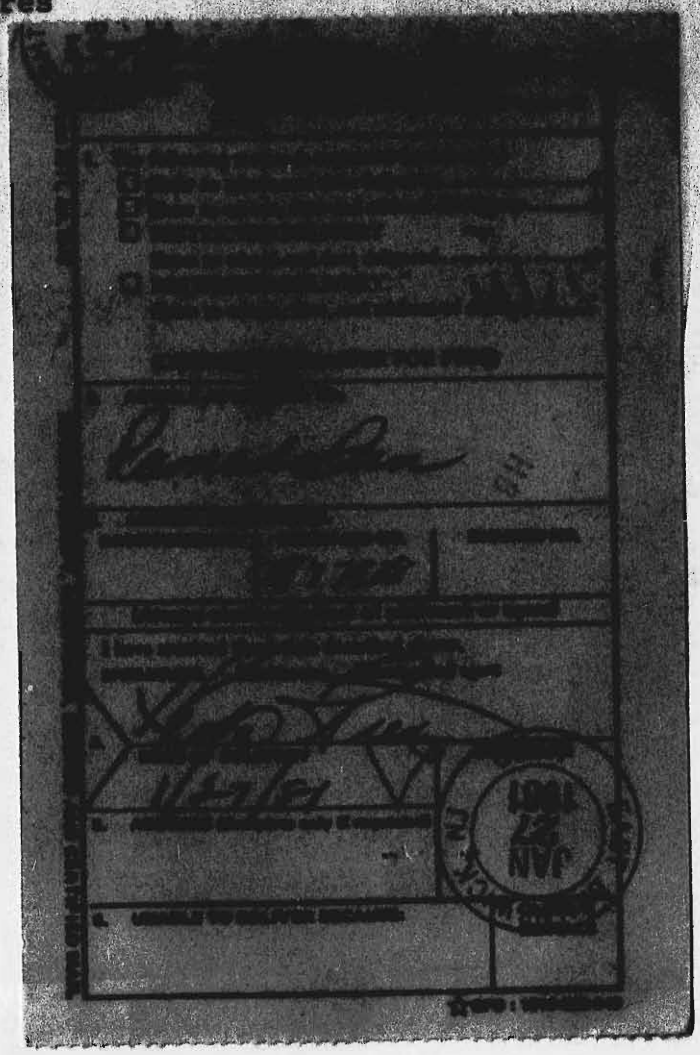
For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

John Warren McGarry
Chairman

Enclosures

General Counsel's Factual and Legal Analysis
Procedures



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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE January 22, 1981

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Ramanda Inn

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

0 2 0 4 0 3 4 4 3 1 1

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, another Corporate vendor apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

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Of the corporate debts referred to the Office of General Counsel, six were incurred in 1976, nine in 1977, and five in 1978. The oldest dates back to February 1976, the most recent to July 1978. While we do not know the normal business or trade practice for each corporation's granting of credit, it appears that extensions of two to five years are excessively long. In this case, no apparent attempts were made by debtor or creditors to pay the debts or seek settlement.

Therefore, the General Counsel recommended that the Commission find reason to believe that the following violations occurred.

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that the Ramanda Inn violated 2 U.S.C. § 441b(a).

8204034312

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 22, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Hotel Copy Center, Inc.
Sheraton Park Hotel
2660 Woodley Road, N.W.
Washington, D.C. 20008

RE: MUR 1206

Dear Sir or Madam:

On January 13, 1981, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal anlaysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

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The investigation now being conducted will be 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 investigation to be made public.

6204034313

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

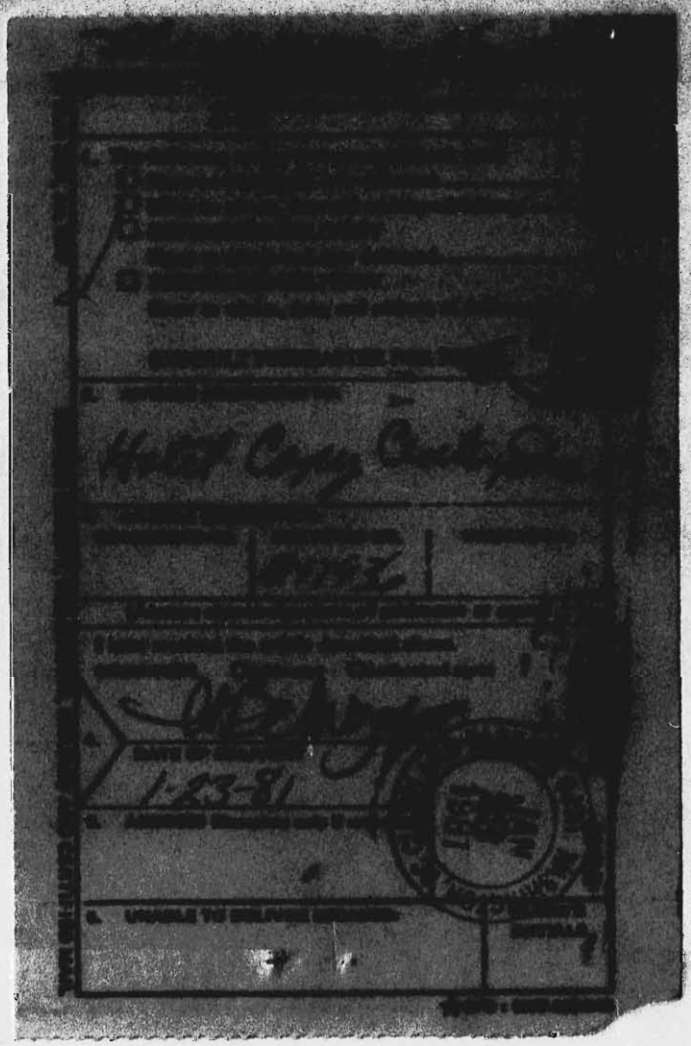
Sincerely,

John Warren McGarry

John Warren McGarry
Chairman

Enclosures

General Counsel's Factual and Legal Analysis
Procedures



8204034431 4

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE January 22, 1981

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Hotel Copy Center, Inc.

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, another corporate vendor apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1978. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

8204034315

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

Auditors stated that the Committee could not produce evidence of any vendor attempts to obtain payment. The Committee controller indicated to the auditors that, for all but fundraising and operating expenses, the Committee pays debts only in response to vendor pressure. The controller also noted that certain billings are disputed. All outstanding debts are continuously reported.

Of the corporate debts referred to the Office of General Counsel, six were incurred in 1976, nine in 1977, and five in 1978. The oldest dates back to February 1976, the most recent to July 1978. While we do not know the normal business or trade practice for each corporation's granting of credit, it appears that extensions of two to five years are excessively long. In this case, no apparent attempts were made by debtor or creditors to pay the debts or seek settlement.

Therefore, the General Counsel recommended that the Commission find reason to believe that the following violations occurred.

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that the Hotel Copy Center, Inc. violated 2 U.S.C. § 441b(a).

8204034316

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 22, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Action Research Intervention
7 Mornington Lane
Cleveland, Ohio 44106

RE: MUR 1206

Dear Sir or Madam:

On January 13, 1981, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal anlaysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your corporation, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be 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 investigation to be made public.

8204034317

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

John Warren McGarry
Chairman

Enclosures

General Counsel's Factual and Legal Analysis
Procedures

8204034439

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE January 22, 1981

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Action Research Interventions

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, another corporate vendor apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1978. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

8204034319

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

Auditors stated that the Committee could not produce evidence of any vendor attempts to obtain payment. The Committee controller indicated to the auditors that, for all but fundraising and operating expenses, the Committee pays debts only in response to vendor pressure. The controller also noted that certain billings are disputed. All outstanding debts are continuously reported.

Of the corporate debts referred to the Office of General Counsel, six were incurred in 1976, nine in 1977, and five in 1978. The oldest dates back to February 1976, the most recent to July 1978. While we do not know the normal business or trade practice for each corporation's granting of credit, it appears that extensions of two to five years are excessively long. In this case, no apparent attempts were made by debtor or creditors to pay the debts or seek settlement.

Therefore, the General Counsel recommended that the Commission find reason to believe that the following violations occurred.

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that the Action Research Interventions violated 2 U.S.C. § 441b(a).

8204034320

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 22, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Total Audio-Visual Service
590 Piedmont Avenue
Atlanta, Georgia 30308

RE: MUR 1206

Dear Sir or Madam:

On January 13, 1981, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal anlaysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your corporation, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be 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 investigation to be made public.

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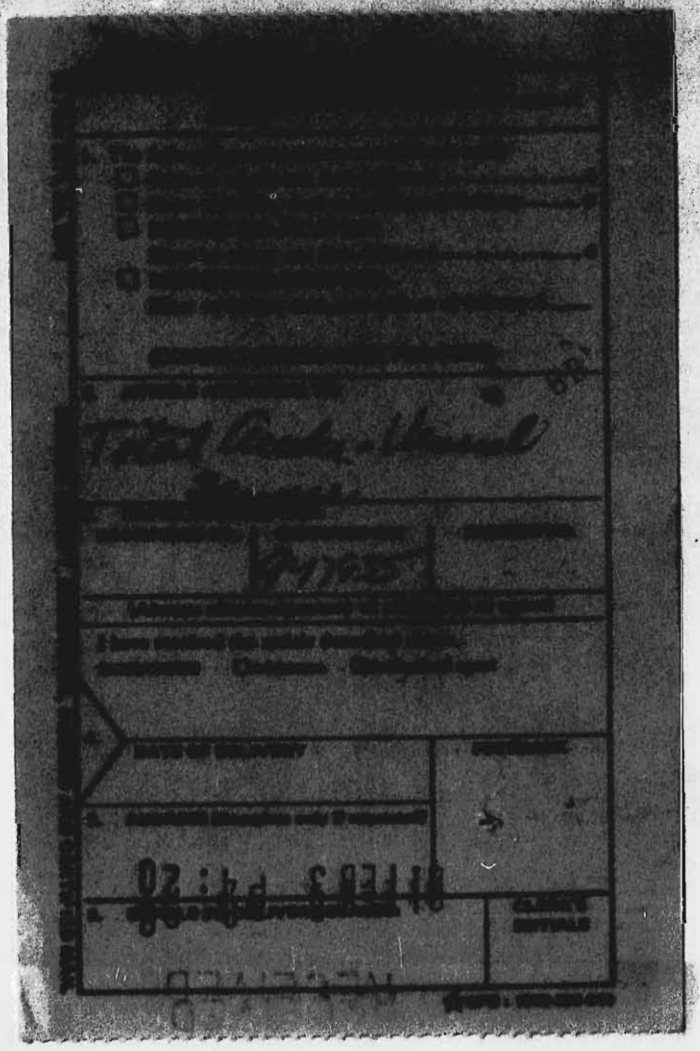
For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

John Warren McGarry
Chairman

Enclosures

General Counsel's Factual and Legal Analysis
Procedures



8204034432 2

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE January 22, 1981

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Total Audio-Visual Services

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, another corporate vendor apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1978. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

8204034323

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

Auditors stated that the Committee could not produce evidence of any vendor attempts to obtain payment. The Committee controller indicated to the auditors that, for all but fundraising and operating expenses, the Committee pays debts only in response to vendor pressure. The controller also noted that certain billings are disputed. All outstanding debts are continuously reported.

Of the corporate debts referred to the Office of General Counsel, six were incurred in 1976, nine in 1977, and five in 1978. The oldest dates back to February 1976, the most recent to July 1978. While we do not know the normal business or trade practice for each corporation's granting of credit, it appears that extensions of two to five years are excessively long. In this case, no apparent attempts were made by debtor or creditors to pay the debts or seek settlement.

Therefore, the General Counsel recommended that the Commission find reason to believe that the following violations occurred.

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that the Total Audio-Visual Services violated 2 U.S.C. § 441b(a).

8204034324

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 22, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ford Motor Company
815 Connecticut Avenue, N.W.
Washington, D.C. 20006

RE: MUR 1206

Dear Sir or Madam:

On January 13, 1981, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal anlaysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your corporation, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be 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 investigation to be made public.

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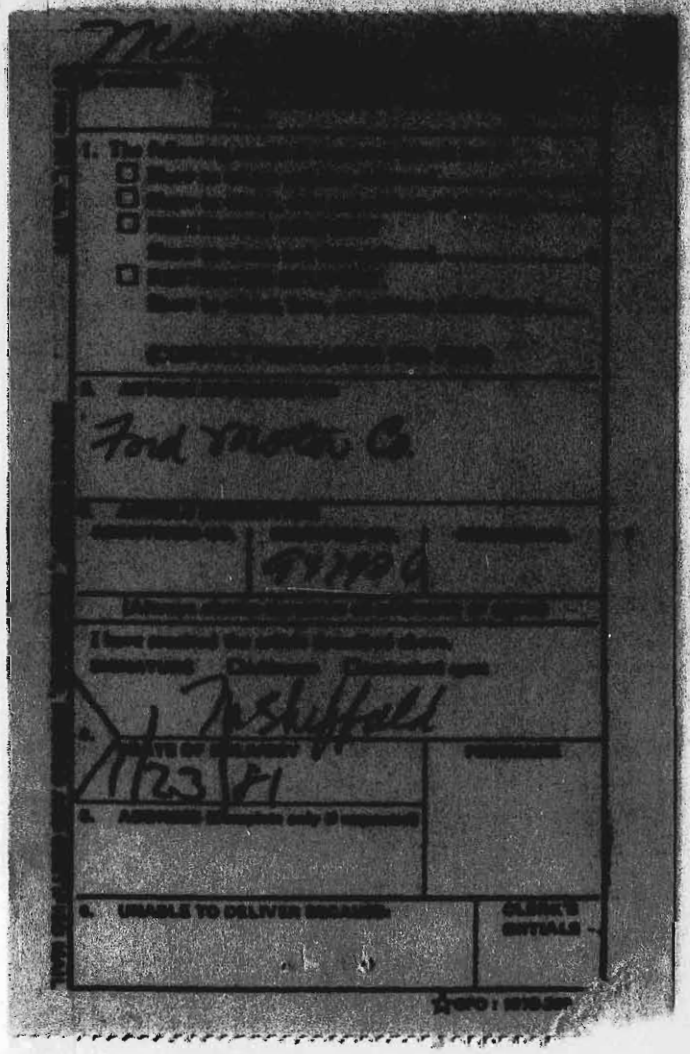
For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

John Warren McGarry
Chairman

Enclosures

General Counsel's Factual and Legal Analysis
Procedures



8204034443326

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE January 22, 1981

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Ford Motor Co.

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, another corporate vendor apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1978. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

8204034327

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

Auditors stated that the Committee could not produce evidence of any vendor attempts to obtain payment. The Committee controller indicated to the auditors that, for all but fundraising and operating expenses, the Committee pays debts only in response to vendor pressure. The controller also noted that certain billings are disputed. All outstanding debts are continuously reported.

Of the corporate debts referred to the Office of General Counsel, six were incurred in 1976, nine in 1977, and five in 1978. The oldest dates back to February 1976, the most recent to July 1978. While we do not know the normal business or trade practice for each corporation's granting of credit, it appears that extensions of two to five years are excessively long. In this case, no apparent attempts were made by debtor or creditors to pay the debts or seek settlement.

Therefore, the General Counsel recommended that the Commission find reason to believe that the following violations occurred.

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that the Ford Motor Co. violated 2 U.S.C. § 441b(a).

8204034328

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 22, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

The Sheraton Park Hotel
2660 Woodley Road, N.W.
Washington, D.C. 20013

RE: MUR 1206

Dear Sir or Madam:

On January 13, 1981, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal anlaysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your corporation, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be 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 investigation to be made public.

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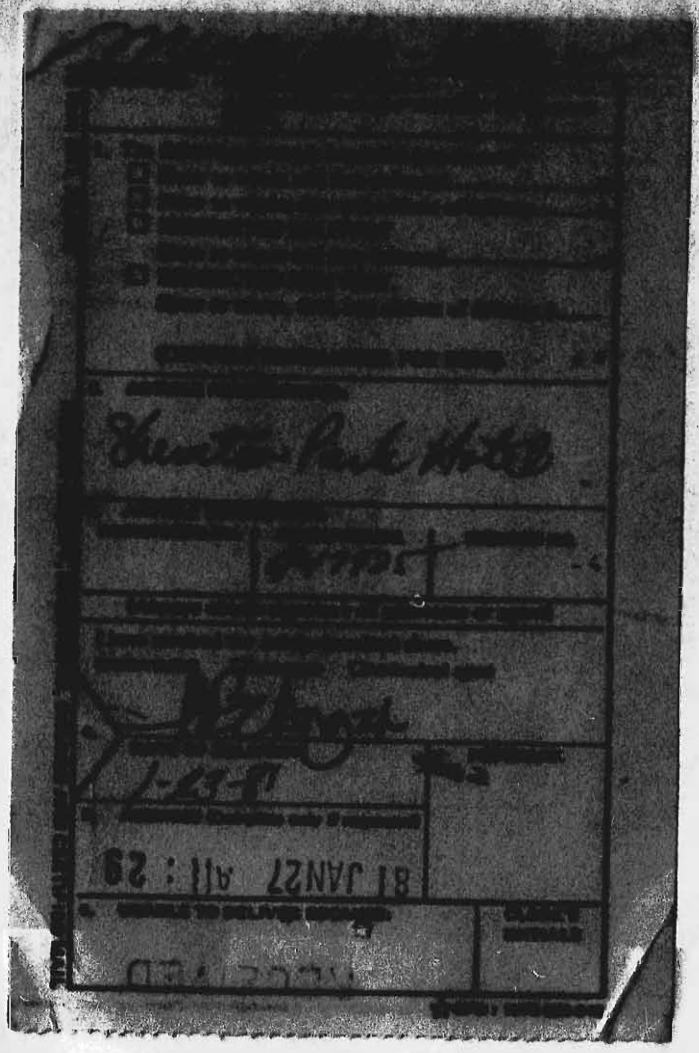
For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

John Warren McGarry
Chairman

Enclosure

General Counsel's Factual and Legal Analysis
Procedures



8204034430

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE January 22, 1981

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Sheraton Park Hotel

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, another corporate vendor apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1978. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

8204034331

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

Auditors stated that the Committee could not produce evidence of any vendor attempts to obtain payment. The Committee controller indicated to the auditors that, for all but fundraising and operating expenses, the Committee pays debts only in response to vendor pressure. The controller also noted that certain billings are disputed. All outstanding debts are continuously reported.

Of the corporate debts referred to the Office of General Counsel, six were incurred in 1976, nine in 1977, and five in 1978. The oldest dates back to February 1976, the most recent to July 1978. While we do not know the normal business or trade practice for each corporation's granting of credit, it appears that extensions of two to five years are excessively long. In this case, no apparent attempts were made by debtor or creditors to pay the debts or seek settlement.

Therefore, the General Counsel recommended that the Commission find reason to believe that the following violations occurred.

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that the Sheraton Park Hotel violated 2 U.S.C. § 441b(a).

8204034432

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 22, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Standard Typewriter and Equipment Co.
1528 "K" Street, N.W.
Washington, D.C. 20005

RE: MUR 1206

Dear Sir or Madam:

On January 13, 1981, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal anlaysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your corporation, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be 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 investigation to be made public.

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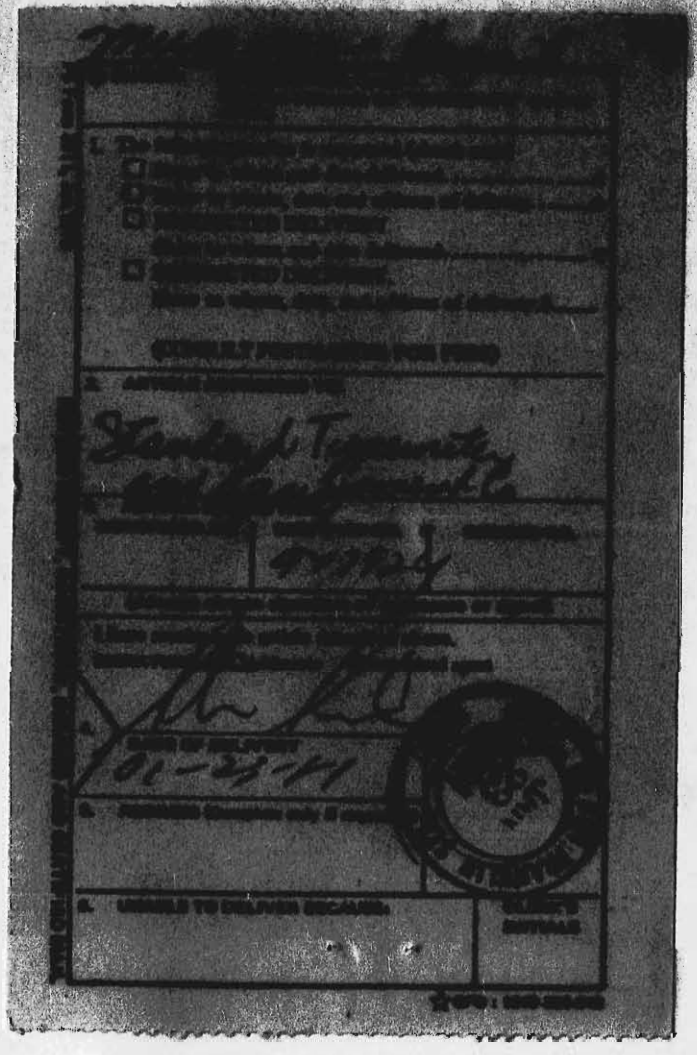
For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

John Warren McGarry
Chairman

Enclosures

General Counsel's Factual and Legal Analysis
Procedures



6204034434

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE January 22, 1981

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Standard Typewriters and Equipment

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

8204034335

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, another corporate vendor apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1978. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

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The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

Auditors stated that the Committee could not produce evidence of any vendor attempts to obtain payment. The Committee controller indicated to the auditors that, for all but fundraising and operating expenses, the Committee pays debts only in response to vendor pressure. The controller also noted that certain billings are disputed. All outstanding debts are continuously reported.

Of the corporate debts referred to the Office of General Counsel, six were incurred in 1976, nine in 1977, and five in 1978. The oldest dates back to February 1976, the most recent to July 1978. While we do not know the normal business or trade practice for each corporation's granting of credit, it appears that extensions of two to five years are excessively long. In this case, no apparent attempts were made by debtor or creditors to pay the debts or seek settlement.

Therefore, the General Counsel recommended that the Commission find reason to believe that the following violations occurred.

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that the Standard Typewriters and Equipment violated 2 U.S.C. § 441b(a).

8204034436

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 22, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ms. Patricia Winstead,
Production Director
The Magus Corporation
1700 Waverly Street
Philadelphia, PA 19146

RE: MUR 1206

Dear Ms. Winstead:

On January 13, 1981, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal anlaysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your corporation, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be 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 investigation to be made public.

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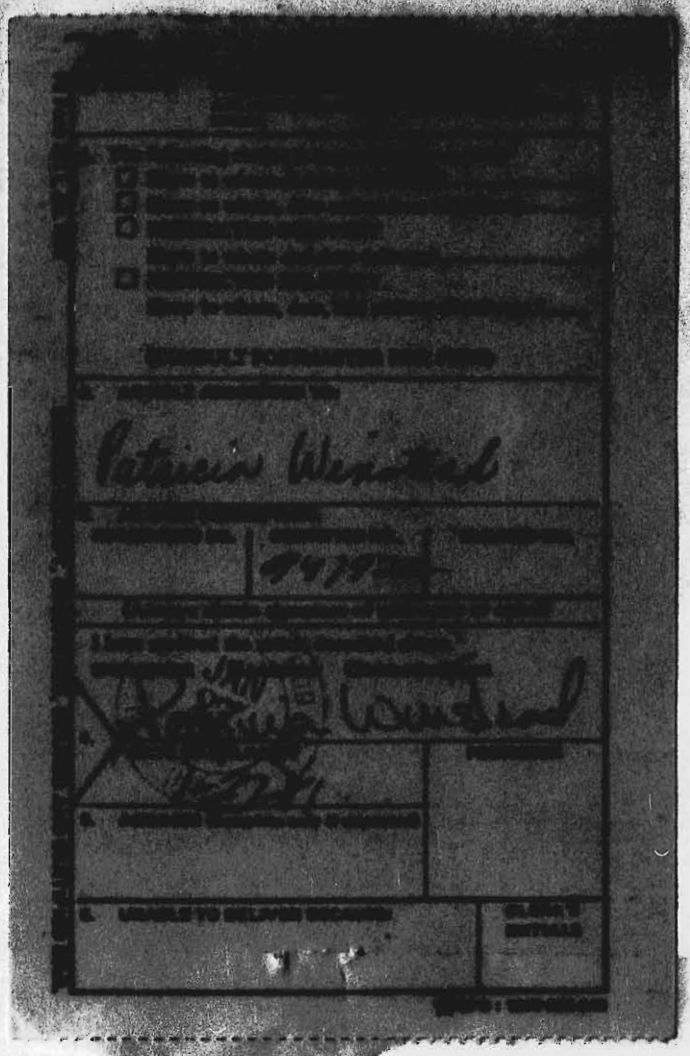
For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

John Warren McGarry
Chairman

Enclosures

General Counsel's Factual and Legal Analysis
Procedures



8204034438

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE January 22, 1981

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Magus Corporation

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, the Magus Corporation apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1978. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

0204344339

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

Auditors stated that the Committee could not produce evidence of any vendor attempts to obtain payment. The Committee controller indicated to the auditors that, for all but fundraising and operating expenses, the Committee pays debts only in response to vendor pressure. The controller also noted that certain billings are disputed. All outstanding debts are continuously reported.

Of the corporate debts referred to the Office of General Counsel, six were incurred in 1976, nine in 1977, and five in 1978. The oldest dates back to February 1976, the most recent to July 1978. While we do not know the normal business or trade practice for each corporation's granting of credit, it appears that extensions of two to five years are excessively long. In this case, no apparent attempts were made by debtor or creditors to pay the debts or seek settlement.

In addition, the Magus Corporation wrote to the Committee seeking a final payment of $10,000 on a contracted total of $50,000 for producing a campaign film. The letter states that the vendor took a loss on the contract in addition to the $10,000 debt outstanding. Committee notes indicate that payment is due, but its records do not show resolution of the matter. Therefore, the General Counsel recommended that the Commission find reason to believe that the following violations occurred.

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that the Magus Corporation violated 2 U.S.C. § 441b(a).

6204034340

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 22, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Playboy Limousine, Inc.
1629 Twelfth Street
Santa Monica, California 90404

RE: MUR 1206

Dear Sir or Madam:

On January 13, 1981, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal anlaysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your corporation, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be 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 investigation to be made public.

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For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

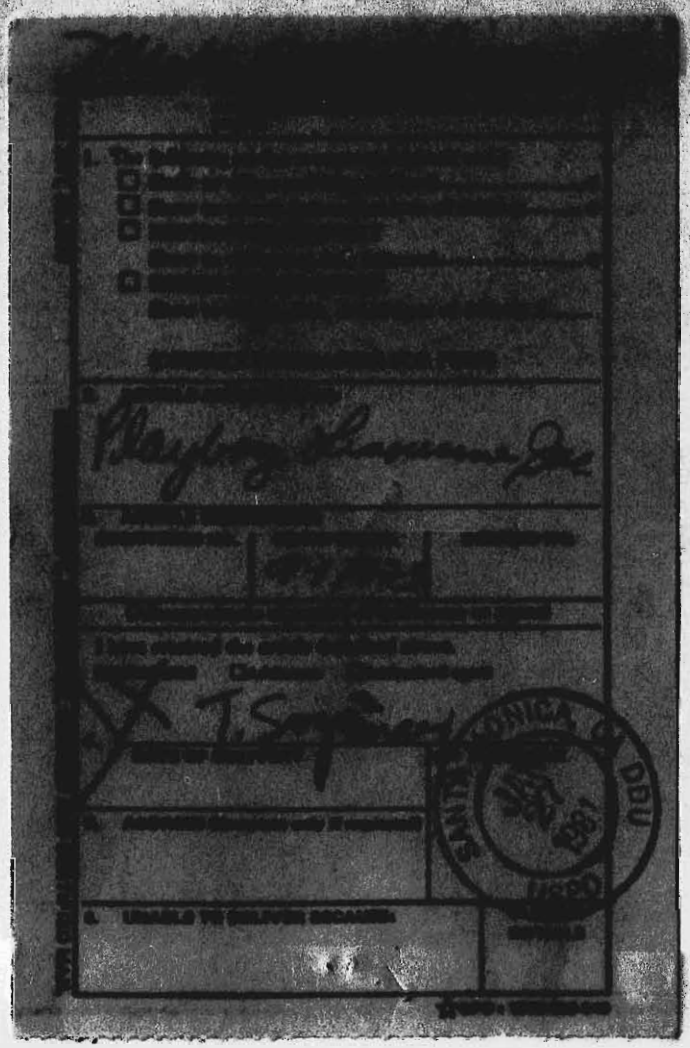
Sincerely,

John Warren McGarry

John Warren McGarry
Chairman

Enclosures

General Counsel's Factual and Legal Analysis
Procedures



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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE January 22, 1981

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Playboy Limousine, Inc.

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

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SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, another corporate vendor apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1978. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

Auditors stated that the Committee could not produce evidence of any vendor attempts to obtain payment. The Committee controller indicated to the auditors that, for all but fundraising and operating expenses, the Committee pays debts only in response to vendor pressure. The controller also noted that certain billings are disputed. All outstanding debts are continuously reported.

Of the corporate debts referred to the Office of General Counsel, six were incurred in 1976, nine in 1977, and five in 1978. The oldest dates back to February 1976, the most recent to July 1978. While we do not know the normal business or trade practice for each corporation's granting of credit, it appears that extensions of two to five years are excessively long. In this case, no apparent attempts were made by debtor or creditors to pay the debts or seek settlement.

Therefore, the General Counsel recommended that the Commission find reason to believe that the following violations occurred.

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that the Playboy Limousine, Inc. violated 2 U.S.C. § 441b(a).

8204034434

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 22, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

General Electric Corporation
P. O. Box 15509
Baltimore, Maryland 21263

RE: MUR 1206

Dear Sir or Madam:

On January 13, 1981, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal anlaysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your corporation, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be 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 investigation to be made public.

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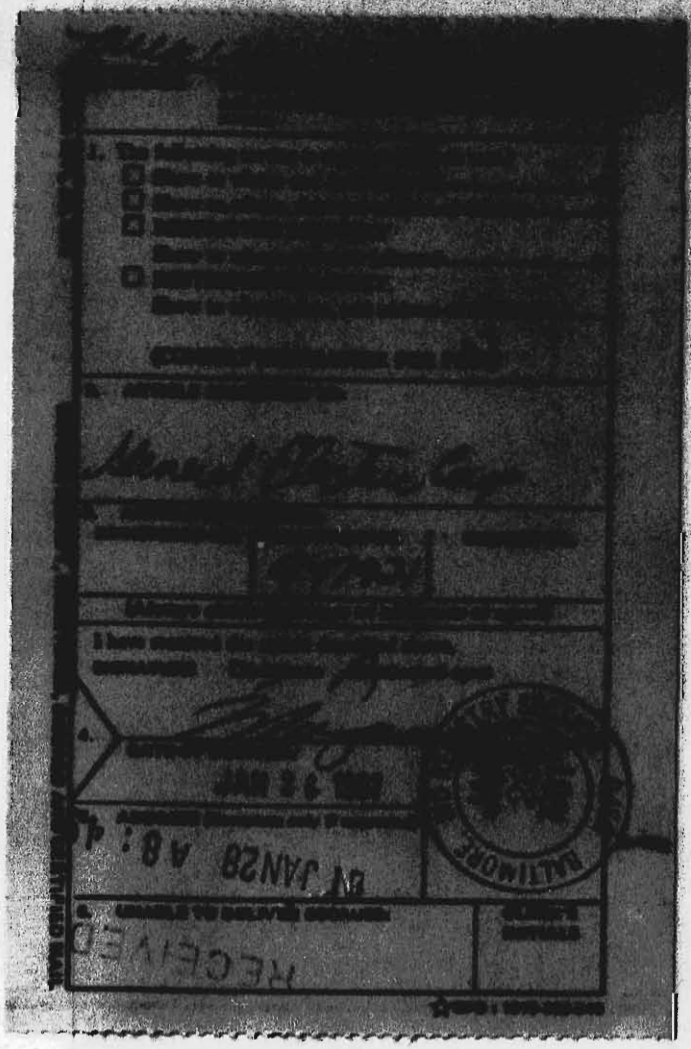
For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

John Warren McGarry
Chairman

Enclosure

General Counsel's Factual and Legal Analysis
Procedures



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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE January 22, 1981

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: General Electric Corporation

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, another corporate vendor apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1978. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

8204034347

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

Auditors stated that the Committee could not produce evidence of any vendor attempts to obtain payment. The Committee controller indicated to the auditors that, for all but fundraising and operating expenses, the Committee pays debts only in response to vendor pressure. The controller also noted that certain billings are disputed. All outstanding debts are continuously reported.

Of the corporate debts referred to the Office of General Counsel, six were incurred in 1976, nine in 1977, and five in 1978. The oldest dates back to February 1976, the most recent to July 1978. While we do not know the normal business or trade practice for each corporation's granting of credit, it appears that extensions of two to five years are excessively long. In this case, no apparent attempts were made by debtor or creditors to pay the debts or seek settlement.

Therefore, the General Counsel recommended that the Commission find reason to believe that the following violations occurred.

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that the General Electric Corporation violated 2 U.S.C. § 441b(a).

8204034348

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 22, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Aero Virgin Islands Corporation
Franklin Bldg., Suite #34
P.O. Box 546
St. Thomas, V.I. 00801

RE: MUR 1206

Dear Sir or Madam:

On January 13, 1981, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal anlaysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your corporation, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be 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 investigation to be made public.

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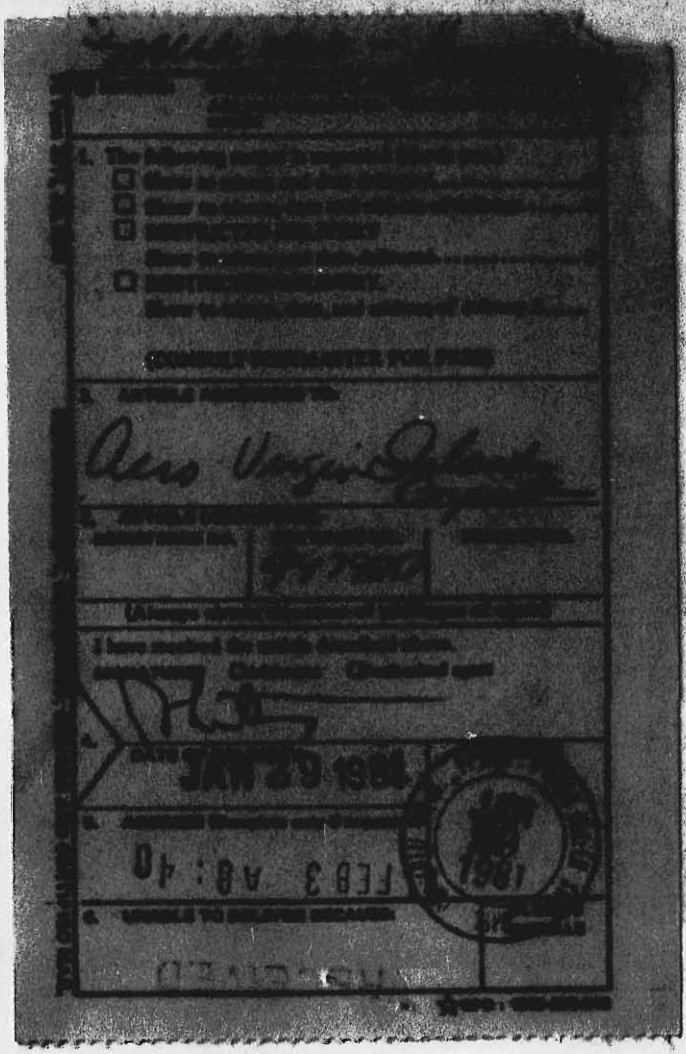
For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

John Warren McGarry
Chairman

Enclosures

General Counsel's Factual and Legal Analysis
Procedures



8204034350

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE January 22, 1981

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Aero Virgin Island Corporation

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, another corporate vendor apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1978. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

0204344351

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

Auditors stated that the Committee could not produce evidence of any vendor attempts to obtain payment. The Committee controller indicated to the auditors that, for all but fundraising and operating expenses, the Committee pays debts only in response to vendor pressure. The controller also noted that certain billings are disputed. All outstanding debts are continuously reported.

Of the corporate debts referred to the Office of General Counsel, six were incurred in 1976, nine in 1977, and five in 1978. The oldest dates back to February 1976, the most recent to July 1978. While we do not know the normal business or trade practice for each corporation's granting of credit, it appears that extensions of two to five years are excessively long. In this case, no apparent attempts were made by debtor or creditors to pay the debts or seek settlement.

Therefore, the General Counsel recommended that the Commission find reason to believe that the following violations occurred.

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that the Areo Virgin Island Corporation violated 2 U.S.C. § 441b(a).

0204034352

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 22, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Word Processing Service, Inc.
P. O. Box 1306
Hagertown, Maryland 21740

RE: MUR 1206

Dear Sir or Madam:

On January 13, 1981, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal anlaysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your corporation, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be 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 investigation to be made public.

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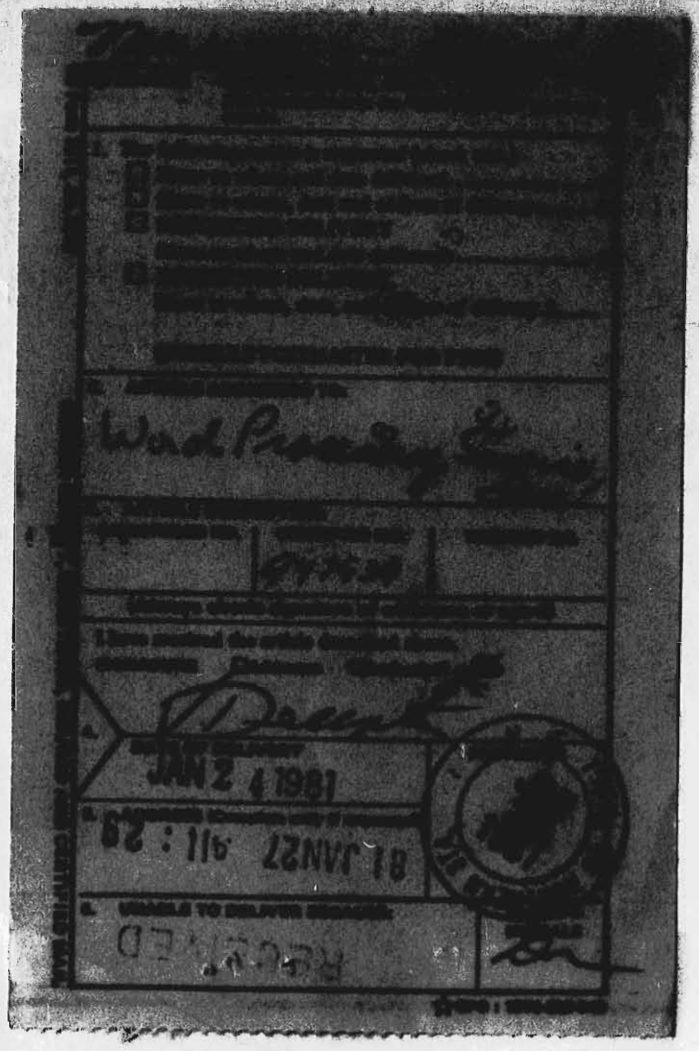
For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

John Warren McGarry
Chairman

Enclosures

General Counsel's Factual and Legal Analysis
Procedures



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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE January 22, 1981

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Word Process Service, Inc.

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

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SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, another corporate vendor apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1978. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

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The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

Auditors stated that the Committee could not produce evidence of any vendor attempts to obtain payment. The Committee controller indicated to the auditors that, for all but fundraising and operating expenses, the Committee pays debts only in response to vendor pressure. The controller also noted that certain billings are disputed. All outstanding debts are continuously reported.

Of the corporate debts referred to the Office of General Counsel, six were incurred in 1976, nine in 1977, and five in 1978. The oldest dates back to February 1976, the most recent to July 1978. While we do not know the normal business or trade practice for each corporation's granting of credit, it appears that extensions of two to five years are excessively long. In this case, no apparent attempts were made by debtor or creditors to pay the debts or seek settlement.

Therefore, the General Counsel recommended that the Commission find reason to believe that the following violations occurred.

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that the Word Process Service, Inc. violated 2 U.S.C. § 441b(a).

6204034356

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 22, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. John C. White, Chairman
Democratic National Committee
Services Corporation
1625 Massachusetts Ave., N.W.
Washington, D.C. 20036

RE: MUR 1206

Dear Mr. White:

On January 13, 1981, the Federal Election Commission determined that there is reason to believe that your committee violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by failure to pay 20 debts to 15 corporations between 1976 and 1979. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your committee, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be 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 investigation to be made public.

8204034357

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

John Warren McGarry
Chairman

Enclosures

General Counsel's Factual and Legal Analysis
Procedures

6204034438

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE January 22,1981

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Democratic National Committee Services Corporation

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, the Magus Corporation apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

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6204034359

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

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In addition, the Magus Corporation wrote to the Committee seeking a final payment of $10,000 on a contracted total of $50,000 for producing a campaign film. The letter states that the vendor took a loss on the contract in addition to the $10,000 debt outstanding. Committee notes indicate that payment is due, but its records do not show resolution of the matter. Therefore, the General Counsel recommended that the Commission find reason to believe that the following violations occurred.

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that the General Electric Corporation violated 2 U.S.C. § 441b(a).

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3. Find reason to believe that the Aero Virgin Island Corporation violated 2 U.S.C. § 441b(a).

4. Find reason to believe that Triplex Direct Marketing violated 2 U.S.C. § 441b(a).

5. Find reason to believe that the Roper Organization violated 2 U.S.C. § 441b(a).

6. Find reason to believe that the Sheraton Park Hotel violated 2 U.S.C. § 441b(a).

7. Find reason to believe that Standard Typewriters and Equipment violated 2 U.S.C. § 441b(a).

8. Find reason to believe that the Ford Motor Co. violated 2 U.S.C. § 441b(a).

9. Find reason to believe that the Total Audio-Visual Service violated 2 U.S.C. § 441b(a).

10. Find reason to believe that Action Research Interventions violated 2 U.S.C. § 441b(a).

11. Find reason to believe that the Waldorf Astoria Hotel violated 2 U.S.C. § 441b(a).

12. Find reason to believe that Word Process Service, Inc. violated 2 U.S.C. § 441b(a).

13. Find reason to believe that the Hotel Copy Center, Inc. violated 2 U.S.C. § 441b(a).

14. Find reason to believe that Ramada Inn violated 2 U.S.C. § 441b(a).

15. Find reason to believe that Action Survey, Inc. violated 2 U.S.C. § 441b(a).

16. Find reason to believe that Playboy Limousine, Inc. violated 2 U.S.C. § 441b(a).

17. Find reason to believe that the Magus Corporation violated 2 U.S.C. § 441b(a).

8204034361

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 22, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Waldorf Astoria Hotel
Park Avenue @ Fiftieth Street
New York, New York 10022

RE: MUR 1206

Dear Sir or Madam:

On January 13, 1981, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal anlaysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your corporation, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be 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 investigation to be made public.

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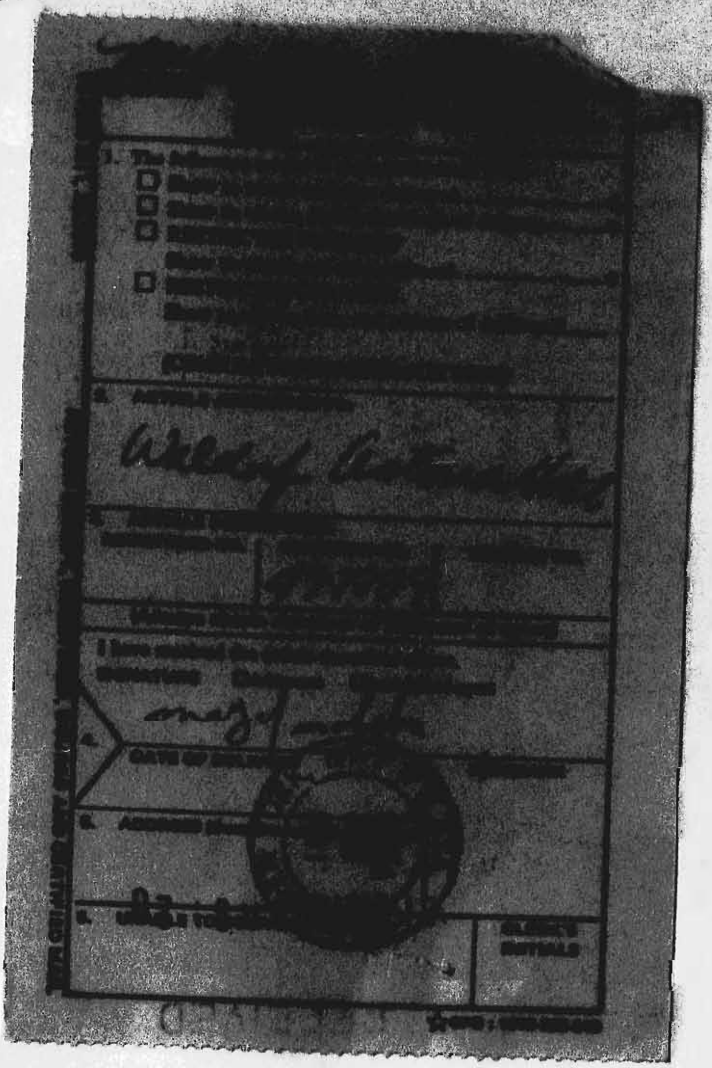
For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

John Warren McGarry
Chairman

Enclosures

General Counsel's Factual and Legal Analysis
Procedures



8204034436 3

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE January 22, 1981

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Waldorf Astoria Hotel

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

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SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, another corporate vendor apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1978. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

Auditors stated that the Committee could not produce evidence of any vendor attempts to obtain payment. The Committee controller indicated to the auditors that, for all but fundraising and operating expenses, the Committee pays debts only in response to vendor pressure. The controller also noted that certain billings are disputed. All outstanding debts are continuously reported.

Of the corporate debts referred to the Office of General Counsel, six were incurred in 1976, nine in 1977, and five in 1978. The oldest dates back to February 1976, the most recent to July 1978. While we do not know the normal business or trade practice for each corporation's granting of credit, it appears that extensions of two to five years are excessively long. In this case, no apparent attempts were made by debtor or creditors to pay the debts or seek settlement.

Therefore, the General Counsel recommended that the Commission find reason to believe that the following violations occurred.

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that the Waldorf Astoria Hotel violated 2 U.S.C. § 441b(a).

6204034365

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Democratic National Committee) MUR 1206
Services Corporation, et al.)

CERTIFICATION

I, Marjorie W. Emmons, Recording Secretary for the Federal Election Commission's Executive Session on January 13, 1981, do hereby certify that the Commission decided by votes of 5-1 to take the following actions in MUR 1206:

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. §441b(a).

2. Find reason to believe that the General Electric Corporation violated 2 U.S.C. §441b(a).

3. Find reason to believe that the Aero Virgin Island Corporation violated 2 U.S.C. §441b(a).

4. Find reason to believe that Triplex Direct Marketing violated 2 U.S.C. §441b(a).

5. Find reason to believe that the Roper Organization violated 2 U.S.C. §441b(a).

6. Find reason to believe that the Sheraton Park Hotel violated 2 U.S.C. §441b(a).

7. Find reason to believe that Standard Typewriters and Equipment violated 2 U.S.C. §441b(a).

8. Find reason to believe that the Ford Motor Co. violated 2 U.S.C. §441b(a).

9. Find reason to believe that the Total Audio-Visual Service violated 2 U.S.C. §441b(a).

10. Find reason to believe that Action Research Interventions violated 2 U.S.C. §441b(a).

(Continued)

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11. Find reason to believe that the Waldorf Astoria Hotel violated 2 U.S.C. §441b(a).

12. Find reason to believe that Word Processing Services, Inc. violated 2 U.S.C. 441b(a).

13. Find reason to believe that the Hotel Copy Center, Inc. violated 2 U.S.C. §441b(a).

14. Find reason to believe that Ramada Inn violated 2 U.S.C. §441b(a).

15. Find reason to believe that Action Survey, Inc. violated 2 U.S.C. §441b(a).

16. Find reason to believe that Playboy Limousine, Inc. violated 2 U.S.C. §441b(a).

17. Find reason to believe that the Magus Corporation violated 2 U.S.C. §441b(a).

18. Notify the respondents of the above actions.

Commissioners Aikens, Harris, McGarry, Reiche, and Thomson voted affirmatively for these decisions; Commissioner Tiernan dissented.

Attest:

1/14/81
Date

Marjorie W. Emmons
Secretary to the Commission

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS/MARGARET CHANEY

DATE: JANUARY 7, 1981

SUBJECT: OBJECTIONS - MUR 1206 - First General Counsel's Report dated 12-22-80; Received in OCS 12-22-80, 3:11

The above-named document was circulated on a 48 hour vote basis at 11:00, December 23, 1980.

Commissioners Aikens and Tiernan submitted objections to MUR 1206.

This matter will be placed on the Executive Session Agenda for Tuesday, January 13, 1981.

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

80 DEC 22 P3:11

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL
BY OGC TO THE COMMISSION 12-22-80

MUR # 1206
STAFF MEMBER(S)
Frances Hagan

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

RESPONDENT'S NAME: Democratic National Committee Services Corporation
General Electric Corporation
Aero Virgin Island Corporation
Triplex Direct Marketing
Roper Organization
Sheraton Park Hotel
Standard Typewriters and Equipment
Ford Motor Co.
Total Audio-Visual Service
Action Research Interventions
Waldorf Astoria Hotel
Word Process Service, Inc.
Hotel Copy Center, Inc.
Ramada Inn
Action Survey, Inc.
Playboy Limousine, Inc.
Magus Corporation

RELEVANT STATUTE: 2 U.S.C. § 441b
11 C.F.R. § 100.7(a)(4)
11 C.F.R. § 114.10

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SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, the Magus Corporation apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities

totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1978. (See Attachment A). The current Commission regulations at 11 C.F.R. § 100.7(a) (4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

Auditors stated that the Committee could not produce evidence of any vendor attempts to obtain payment. The Committee controller indicated to the auditors that, for all but fundraising and operating expenses, the Committee pays debts only in response to vendor pressure. The controller also noted that certain billings are disputed. All outstanding debts are continuously reported.

The Commission has not previously addressed the issue of outstanding debts becoming contributions. This particular situation raises the question of how long a debt may remain unpaid until it becomes a contribution. In this case, no apparent attempts were made by debtor or creditors to pay the debts or seek settlement. Since a "commercially reasonable" time period for outstanding debts would vary among the corporate creditors, the auditors referred to this office the debts which were outstanding six months or longer.

Of the corporate debts referred to the Office of General Counsel, six were incurred in 1976, nine in 1977, and five in 1978. The oldest dates back to February 1976, the most recent to July 1978. While we do not know the normal business or trade practice for each corporation's granting of credit, it appears that extensions of two to five years are excessively long. A finding of reason to believe in this matter will offer the Committee and corporations the opportunity to demonstrate that the extensions of credit are commerically reasonable and therefore should not be deemed contributions.

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In addition, another corporate vendor wrote to the Committee seeking a final payment of $10,000 on a contracted total of $50,000 for producing a campaign film. The letter states that the vendor in question, the Magus Corporation, took a loss on the contract in addition to the $10,000 debt outstanding. (See Attachment C). Committee notes indicate that payment is due, but its records do not show resolution of the matter.

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that the General Electric Corporation violated 2 U.S.C. § 441b(a).

3. Find reason to believe that the Aero Virgin Island Corporation violated 2 U.S.C. § 441b(a).

4. Find reason to believe that Triplex Direct Marketing violated 2 U.S.C. § 441b(a).

5. Find reason to believe that the Roper Organization violated 2 U.S.C. § 441b(a).

6. Find reason to believe that the Sheraton Park Hotel violated 2 U.S.C. § 441b(a).

7. Find reason to believe that Standard Typewriters and Equipment violated 2 U.S.C. § 441b(a).

8. Find reason to believe that the Ford Motor Co. violated 2 U.S.C. § 441b(a).

9. Find reason to believe that the Total Audio-Visual Service violated 2 U.S.C. § 441b(a).

10. Find reason to believe that Action Research Interventions violated 2 U.S.C. § 441b(a).

11. Find reason to believe that the Waldorf Astoria Hotel violated 2 U.S.C. § 441b(a).

12. Find reason to believe that Word Process Service, Inc. violated 2 U.S.C. § 441b(a).

13. Find reason to believe that the Hotel Copy Center, Inc. violated 2 U.S.C. § 441b(a).

14. Find reason to believe that Ramada Inn violated 2 U.S.C. § 441b(a).

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15. Find reason to believe that Action Survey, Inc. violated 2 U.S.C. § 441b(a).

16. Find reason to believe that Playboy Limousine, Inc. violated 2 U.S.C. § 441b(a).

17. Find reason to believe that the Magus Corporation violated 2 U.S.C. § 441b(a).

18. Notify respondents with attached letters.

Attachments: A, B, and C; 16 Letters and 16 General Counsel's Factual and Legal Analyses

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	VENDOR	DATE INCURRED	AMOUNT OUTSTANDING
1.	General Electric	12/77	$32,082.20
2.	Aero Virgin Island Corp.	1/31/78	180.00
3.	Triplex Direct Marketing	1/13/78	77.43
		4/28/78	2,344.58
4.	Roper Organization	12/12/77	1,625.00
		2/15/78	1,625.00
5.	Sheraton Park Hotel	7/18/78	262.73
6.	Standard Typewriter and Equipment	2/16/76	63.00
7.	Ford Motor Company	2/25/76	2,000.00
		9/8/76	2,000.00
8.	Total Audio-Visual Service	11/30/76	364.00
9.	Action Research Interventions	12/31/76	6,007.31
10.	Waldorf Astoria Hotel	12/31/76	855.26
		8/12/77	524.84
11.	Word Process Service, Inc.	1/19/77	400.00
		3/25/77	166.05
12.	Hotel Copy Center, Inc.	4/12/77	339.41
13.	Ramada Inn	8/19/77	2,450.00
14.	Action Survey, Inc.	9/9/77	485.00
15.	Playboy Limousine, Inc.	12/30/77	402.98
		Total	$54,254.79

ATTACHMENT A

8204034437 4

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 1, 1980

MEMORANDUM

TO: CHARLES STEELE
GENERAL COUNSEL

THROUGH: ORLANDO B. POTTER
STAFF DIRECTOR

FROM: BOB COSTA

SUBJECT: INTERIM AUDIT REPORT DNC SERVICES CORPORATION

Attached please find a copy of the interim audit report of the DNC Services Corporation for your review and legal analysis. Please note that the findings and recommendations in this report may be similar to matters covered in the Democratic National Committee interim audit report forwarded January 29, 1980.

Should you have any questions, please contact either Russ Brunner or Ron West on extension 3-4155.

Attachment as stated

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Attachment B p. 1

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

INTERIM REPORT OF THE AUDIT DIVISION ON THE DNC SERVICES CORPORATION

I. Background

A. Overview

This report is based upon an audit of the DNC Services Corporation ("the Committee"), undertaken by the Audit Division of the Federal Election Commission in accordance with the Commission's audit policy to determine whether there has been compliance with the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The audit was conducted pursuant to Section 438(a)(8) of Title 2 of the United States Code which directs the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Act.

The Committee registered with the Clerk of the United States House of Representatives on September 25, 1972, as an affiliate of the Democratic National Committee. 1/ The Committee maintains its headquarters in Washington, D.C.

The audit covered the period from January 1, 1976 through June 30, 1979, the final coverage date of the most recent report filed by the Committee at the time of the audit. The Committee reported an opening cash balance on January 1, 1976 of $26,190.66, total receipts for the period of $18,462,292.92, total expenditures for the period of $18,331,295.58, and a closing cash balance on June 30, 1979 of $157,188.00.

This report is based upon documents and working papers which support each of the factual statements. They form part of the record upon which the Commission based its decisions on the matters in the report and were available to Commissioners and appropriate staff for review.

1/ The Committee operated as the expenditure arm of the National party for the period January 1, 1976 through September 30, 1978 in concert with the contribution committees: the Democratic National Committee (DNC) and Democratic Finance Committee (DFC). On September 30, 1978, the DNC and DFC merged into the Committee.

B. Key Personnel

The principal officers of the Committee during the period audited were as follows:

DATE	CHAIRMAN	TREASURER
1/1/76-1/31/77	Robert S. Strauss	Edward Bennett Williams
2/1/77-6/5/78	Kenneth M. Curtis	Joel McCleary
6/6/78-4/13/79	John C. White	Evan S. Dobelle
4/14/79-6/30/79	John C. White	Peter G. Kelly

C. Scope

The audit included such tests as verification of reported receipts, expenditures and individual transactions; review of required supporting documentation; analysis of Committee debts and obligations; and such other audit procedures as deemed necessary under the circumstances.

II. Interim Findings and Recommendations

A. Unpaid or Negotiated Debts as Corporate Contributions

Section 441b(a) of Title 2 of the United States Code states, in part, that it is unlawful for any corporation to make a contribution or expenditure in connection with any Federal election to political office.

Section 114.10(c)(3) of Title 11, of the Code of Federal Regulations requires that a corporation and/or a debtor must file a statement of settlement with the Commission for debts forgiven by a vendor.

1. Interest Not Paid to a Corporate Vendor

On June 30, 1977, a note in the amount of $215,564.00, at an interest rate of 9½% was signed by the Committee and the Democratic National Committee 2/ consolidating all debt owed to a vendor who was verified to be registered as a corporation. Our review of this arrangement and subsequent principal and interest payments revealed that as of March 15, 1979, the time of the last payment to the vendor, no debt was reported as owing to the vendor but our verification of interest revealed a balance due of $1,943.94. The Committee officials stated that previous officials had indicated that the vendor's note had been paid in full.

2/ The Democratic National Committee terminated its activities on September 30, 1978, through merger into the Committee. At this time all debts were absorbed by the Committee.

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Recommendation

The Audit staff recommends that the Committee pay the debt noted above and submit evidence of this payment (i.e. copy front and back of the cancelled check used for this payment) to the Audit staff for review within 30 days of receipt of this report or provide evidence within the 30 day period which demonstrates that the debt was either previously paid or not owed.

2. Undisclosed Corporate Invoices

As a result of our review of vendor files, we discovered that as of June 30, 1979 invoices indicated a balance due a vendor, who was a verified corporate entity, to be $276,524.75 whereas the Committee disclosed a balance owed of $243,385.75 for a difference of $33,139.00. Further research revealed the following undisclosed charges:

a. A $5,000.00 charge in 1976 for services rendered.

b. A $3,139.00 charge in 1977 for miscellaneous expenses of the president of the corporation.

c. A $25,000.00 charge in 1978 for consulting services, which services were said by the Committee Administrator to never have been authorized.

Our review also revealed that nine (9) other invoices for charges incurred in 1978 and 1979 were not disclosed for periods ranging from 72 to 381 days.

The Committee officials stated that the three (3) invoices noted above were disputed by the Committee but that there was no correspondence to support the disputes and that the vendor had made no attempt to collect the amounts involved. They further stated that the late disclosure of invoices was due to the torpid routing procedures used to get the invoices to the accounting department but that those procedures have been corrected.

Recommendation

The Audit staff recommends that the Committee request a statement in writing from the vendor that the invoices noted above were in error and submit evidence of the correspondence (i.e. copies of letters sent and received) to the Audit staff for review within 30 days of receipt of this report or provide evidence within the 30 day period which demonstrates that the invoices were paid. Also, no further action is recommended concerning the late reporting of invoices since the procedural problems have been corrected.

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3. Corporate Services Provided at Less Than Normal Charge

Our review of the vendor file of a business entity, verified to be incorporated, revealed a collection letter dated March 21, 1979 from the vendor to the Democratic National Committee. 2/ This letter stated that a contract between the vendor and the Democratic National Committee was negotiated at less than the normal charge for the services which were provided. The corporate vendor was pursuing the collection of the final contracted payment, of $10,000.00. The Committee officials could not recall the particulars of this matter.

Recommendation

The Audit staff recommends that the Committee contact the vendor and determine the amount of the loss referred to in the collection letter noted above and disclose this amount as a debt until paid.

4. Prohibited Contributions Through Cancellation of Outstanding Checks For Corporate Debts

During our review of general journal entries made by the Committee, we discovered that entries were made on 12/31/76, 4/17/77, and 7/31/78 to write-off (cancel) 21 stale, uncashed checks totaling $5,313.41. Of this total, six (6) checks totaling $1,242.54 were verified to be to corporate entities at the time that the checks were issued and written-off. There was no evidence in the Committee records to indicate that checks had been reissued to any of the corporations or individuals involved.

Recommendation

The Audit staff recommends that the Committee reissue checks to each of the six (6) corporate vendors noted above and submit evidence of these payments (i.e. copy front and back of each cancelled check used for the payments) to the Audit staff for review within 30 days of receipt of this report or provide evidence within the 30 day period which demonstrates that the payments were previously made or did not involve corporate vendors. Since the remaining 15 cancelled payments totaling $4,070.87 were payable to either individuals, in amounts of $100.00 or less, or political committees and reclassifiable as an in-kind contribution without a contribution limit being exceeded (2 U.S.C. 441a(a)) no further action is recommended on this matter.

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B. Aged, Unpaid Corporate Debts As Contributions

Section 100.4(a)(6) of Title 11 of the Code of Federal Regulations states that the term contribution shall include the extension of credit for a length of time beyond normal business or trade practice, unless the creditor has made a commercially reasonable attempt to collect the debt.

Our review of debts and obligations outstanding as of June 30, 1979, revealed that the Committee had incurred 40 debts with a total balance of $79,131.33 which were outstanding six (6) months or longer. These debts dated as far back as May 4, 1973 with no payments made since the inception of the debts. Of the 40 debts, 20, with a balance of $54,254.79, were with business entities which were verified to be incorporated at the time that the debts were incurred (See attachment). The Committee officials stated that in many cases they had not heard from the vendors and that it was standard committee policy to pay debts, other than fundraising and operating expenses, only under vendor pressure.

Due to the lack of an established maximum length of time to expect payment of debts, the Audit staff is uncertain as to whether the debts noted above do qualify as contributions under the Act.

Recommendation

It is recommended that this matter be referred to the Office of General Counsel for analysis, and if deemed appropriate, considered as a possible MUR.

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Attachment

Unpaid Corporate Debts Outstanding More Than Six (6) Months

Vendor	Date Incurred	Amount	Committee Comments
Standard Typewriter & Equipment	2-16-76	$ 63.00	None
Ford Motor Company	2-25-76	2,000.00	None
Ford Motor Company	9-8-76	2,000.00	None
Total Audio-Visual Service	11-30-76	364.00	None
Action Research Interventions	12-31-76	6,007.31	None
Waldorf Astoria Hotel	12-31-76	855.26	None
Word Process Service, Inc.	1-19-77	400.00	Machine under maintenance agreement and now in custody of vendor.
Word Process Service, Inc.	3-25-77	166.05	Same as above
Hotel Copy Center, Inc.	4-12-77	339.41	Bill is in dispute
Waldorf Astoria Hotel	8-12-77	524.84	Bill is in dispute
Ramada Inn	8-19-77	2,450.00	Bill was not authorized by the Committee but plans to pay debt.
Action Survey, Inc.	9-9-77	485.00	None.
Roper Organization	12-12-77	1,625.00	None
Playboy Limousine, Inc.	12-30-77	402.98	None

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Vendor	Date Incurred	Amount	Committee Comments
General Electric	12/77	$32,082.20	Security deposit of $5,000.00 was apparently forfeited by the Committee.
Aero Virgin Island Corporation	1-31-78	180.00	None
Triplex Direct Marketing	1-31-78	77.43	None
Roper Organization	2-15-78	1,625.00	None
Triplex Direct Marketing	4-28-78	2,344.58	Possible double billing. Invoice is under Committee review.
Sheraton Park Hotel	7-18-78	262.73	None
	TOTAL	$54,254.79	

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Copy of vendor file documentation
(not including copies of vouchers and checks).

THE MAGUS CORPORATION

1700 Walnut Street Philadelphia, Pa. 19103 - (215) 985-1767

21 March 1979

John White, Chairman
Democratic National Committee
1625 Massachusetts Ave., NW
Washington, D.C. 20036

Mr. White,

I have hesitated bringing this matter to your attention, but my frustration has forced me to.

In October of 1978, the DNC contracted with us to produce, under the direction of Gerald Rafshoon, a 16mm film for your December Mid-Term Convention in Memphis. In one month, we pulled everything together; our part of the contract was carried out. To date, the DNC's part was not.

We are still awaiting the final payment of $10,000. I don't care how large or small a business, $10,000 represents a lot of money. We had direct expenses, excluding profit, on the film that had to be paid so that we could maintain our good name, as well as that of Jimmy Carter and the Democratic Party. We accepted that we made no profit and took a loss due to our commitment to the President. But we are too small a company to be able to absorb a $10,000 plus loss.

What frustrates me the most is the number of phone calls we have placed to Cecil Cheves and David Phelps. We've also sent statements and once or twice attached notes to these statements. But not once -- not one time -- have we had the courtesy of a return phone call or note. It's bad enough not to get paid, but not to have messages returned adds insult to injury.

Please have someone call regarding this matter. Or better yet, send us a check for $10,000.00.

Sincerely,

Patricia Winstead

Patricia Winstead
Production Director

CC: Evan Dobelle, Cecil Cheves, David Phelps

Attachment C

D-30/1

0 2 0 4 0 3 4 3 8

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. John C. White, Chairman
Democratic National Committee
Services Corporation
1625 Massachusetts Ave., N.W.
Washington, D.C. 20036

RE: MUR 1206

Dear Mr. White:

On , 1980, the Federal Election Commission determined that there is reason to believe that your committee violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by failure to pay 20 debts to 15 corporations between 1976 and 1979. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your committee, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be 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 investigation to be made public.

0204034384

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

Enclosures

General Counsel's Factual and Legal Analysis
Procedures

8204034385

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Democratice National Committee Services Corporation

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

6204034386

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1979. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, the Magus Corporation apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1979. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

Auditors stated that the Committee could not produce evidence of any vendor attempts to obtain payment. The Committee controller indicated to the auditors that, for all but fundraising and operating expenses, the Committee pays debts only in response to vendor pressure. The controller also noted that certain billings are disputed. All outstanding debts are continuously reported.

Of the corporate debts referred to the Office of General Counsel, six were incurred in 1976, nine in 1977, and five in 1978. The oldest dates back to February 1976, the most recent to July 1978. While we do not know the normal business or trade practice for each corporation's granting of credit, it appears that extensions of two to five years are excessively long. In this case, no apparent attempts were made by debtor or creditors to pay the debts or seek settlement. A finding of reason to believe in this matter will offer the Committee and corporations the opportunity to demonstrate that the extensions of credit are commercially reasonable and therefore should not be deemed contributions.

In addition, another corporate vendor wrote to the Committee seeking a final payment of $10,000 on a contracted total of $50,000 for producing a campaign film. The letter states that the vendor in question, the Magus Corporation, took a loss on the contract in addition to the $10,000 debt outstanding. Committee notes indicate that payment is due, but its records do not show resolution of the matter. Therefore, the General Counsel recommends that the Commission find reason to believe that the following violations occurred.

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that the General Electric Corporation violated 2 U.S.C. § 441b(a).

0 2 0 4 0 3 4 3 8 7

3. Find reason to believe that the Aero Virgin Island Corporation violated 2 U.S.C. § 441b(a).

4. Find reason to believe that Triplex Direct Marketing violated 2 U.S.C. § 441b(a).

5. Find reason to believe that the Roper Organization violated 2 U.S.C. § 441b(a).

6. Find reason to believe that the Sheraton Park Hotel violated 2 U.S.C. § 441b(a).

7. Find reason to believe that Standard Typewriters and Equipment violated 2 U.S.C. § 441b(a).

8. Find reason to believe that the Ford Motor Co. violated 2 U.S.C. § 441b(a).

9. Find reason to believe that the Total Audio-Visual Service violated 2 U.S.C. § 441b(a).

10. Find reason to believe that Action Research Interventions violated 2 U.S.C. § 441b(a).

11. Find reason to believe that the Waldorf Astoria Hotel violated 2 U.S.C. § 441b(a).

12. Find reason to believe that Word Process Service, Inc. violated 2 U.S.C. § 441b(a).

13. Find reason to believe that the Hotel Copy Center, Inc. violated 2 U.S.C. § 441b(a).

14. Find reason to believe that Ramada Inn violated 2 U.S.C. § 441b(a).

15. Find reason to believe that Action Survey, Inc. violated 2 U.S.C. § 441b(a).

16. Find reason to believe that Playboy Limousine, Inc. violated 2 U.S.C. § 441b(a).

17. Find reason to believe that the Magus Corporation violated 2 U.S.C. § 441b(a).

0204034388

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

General Electric Corporation
P. O. Box 15509
Baltimore, Maryland 21263

RE: MUR 1206

Dear Sir or Madam:

On , 1980, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your corporation, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be 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 investigation to be made public.

0204034389

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

Enclosure

General Counsel's Factual and Legal Analysis
Procedures

8204034390

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: General Electic Corporation

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, the Magus Corporation apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1979. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

0204391

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

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In addition, another corporate vendor wrote to the Committee seeking a final payment of $10,000 on a contracted total of $50,000 for producing a campaign film. The letter states that the vendor in question, the Magus Corporation, took a loss on the contract in addition to the $10,000 debt outstanding. Committee notes indicate that payment is due, but its records do not show resolution of the matter. Therefore, the General Counsel recommends that the Commission find reason to believe that the following violations occurred.

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that the General Electric Corporation violated 2 U.S.C. § 441b(a).

0204034392

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Aero Virgin Islands Corporation
Franklin Bldg., Suite #34
P.O. Box 546
St. Thomas, V.I. 00801

RE: MUR 1206

Dear Sir or Madam:

On , 1980, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your corporation, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be 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 investigation to be made public.

0204034393

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

Enclosures

General Counsel's Factual and Legal Analysis
Procedures

8204034394

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Aero Virgin Island Corporation

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1979. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, the Magus Corporation apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1979. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

8204034395

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

Auditors stated that the Committee could not produce evidence of any vendor attempts to obtain payment. The Committee controller indicated to the auditors that, for all but fundraising and operating expenses, the Committee pays debts only in response to vendor pressure. The controller also noted that certain billings are disputed. All outstanding debts are continuously reported.

Of the corporate debts referred to the Office of General Counsel, six were incurred in 1976, nine in 1977, and five in 1978. The oldest dates back to February 1976, the most recent to July 1978. While we do not know the normal business or trade practice for each corporation's granting of credit, it appears that extensions of two to five years are excessively long. In this case, no apparent attempts were made by debtor or creditors to pay the debts or seek settlement. A finding of reason to believe in this matter will offer the Committee and corporations the opportunity to demonstrate that the extensions of credit are commercially reasonable and therefore should not be deemed contributions.

In addition, another corporate vendor wrote to the Committee seeking a final payment of $10,000 on a contracted total of $50,000 for producing a campaign film. The letter states that the vendor in question, the Magus Corporation, took a loss on the contract in addition to the $10,000 debt outstanding. Committee notes indicate that payment is due, but its records do not show resolution of the matter. Therefore, the General Counsel recommends that the Commission find reason to believe that the following violations occurred.

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that the Aero Virgin Island Corporation violated 2 U.S.C. § 441b(a).

9204034396

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Triplex Direct Marketing Company
616 Canal Street
San Rafael, California 94901

RE: MUR 1206

Dear Sir or Madam:

On , 1980, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your corporation, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be 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 investigation to be made public.

0204034397

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

Enclosures

General Counsel's Factual and Legal Analysis
Procedures

8204034398

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Triplex Direct Marketing

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, the Magus Corporation apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1979. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

6204034399

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

Auditors stated that the Committee could not produce evidence of any vendor attempts to obtain payment. The Committee controller indicated to the auditors that, for all but fundraising and operating expenses, the Committee pays debts only in response to vendor pressure. The controller also noted that certain billings are disputed. All outstanding debts are continuously reported.

Of the corporate debts referred to the Office of General Counsel, six were incurred in 1976, nine in 1977, and five in 1978. The oldest dates back to February 1976, the most recent to July 1978. While we do not know the normal business or trade practice for each corporation's granting of credit, it appears that extensions of two to five years are excessively long. In this case, no apparent attempts were made by debtor or creditors to pay the debts or seek settlement. A finding of reason to believe in this matter will offer the Committee and corporations the opportunity to demonstrate that the extensions of credit are commercially reasonable and therefore should not be deemed contributions.

In addition, another corporate vendor wrote to the Committee seeking a final payment of $10,000 on a contracted total of $50,000 for producing a campaign film. The letter states that the vendor in question, the Magus Corporation, took a loss on the contract in addition to the $10,000 debt outstanding. Committee notes indicate that payment is due, but its records do not show resolution of the matter. Therefore, the General Counsel recommends that the Commission find reason to believe that the following violations occurred.

8204034400

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that Triplex Direct Marketing violated 2 U.S.C. § 441b(a).

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Roper Organization
One Park Avenue
New York, New York 10016

RE: MUR 1206

Dear Sir or Madam:

On , 1980, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

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For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

Enclosures

General Counsel's Factual and Legal Analysis
Procedures

8204034402

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Roper Organization

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, the Magus Corporation apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

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0204034403

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

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6204034404

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that the Roper Organization violated 2 U.S.C. § 441b(a).

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

The Sheraton Park Hotel
2660 Woodley Road, N.W.
Washington, D.C. 20013

RE: MUR 1206

Dear Sir or Madam:

On , 1980, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your corporation, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be 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 investigation to be made public.

9204034405

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

Enclosure

General Counsel's Factual and Legal Analysis
Procedures

8204034406

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Sheraton Park Hotel

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

0204034407

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1979. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, the Magus Corporation apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1979. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

Auditors stated that the Committee could not produce evidence of any vendor attempts to obtain payment. The Committee controller indicated to the auditors that, for all but fundraising and operating expenses, the Committee pays debts only in response to vendor pressure. The controller also noted that certain billings are disputed. All outstanding debts are continuously reported.

Of the corporate debts referred to the Office of General Counsel, six were incurred in 1976, nine in 1977, and five in 1978. The oldest dates back to February 1976, the most recent to July 1978. While we do not know the normal business or trade practice for each corporation's granting of credit, it appears that extensions of two to five years are excessively long. In this case, no apparent attempts were made by debtor or creditors to pay the debts or seek settlement. A finding of reason to believe in this matter will offer the Committee and corporations the opportunity to demonstrate that the extensions of credit are commercially reasonable and therefore should not be deemed contributions.

In addition, another corporate vendor wrote to the Committee seeking a final payment of $10,000 on a contracted total of $50,000 for producing a campaign film. The letter states that the vendor in question, the Magus Corporation, took a loss on the contract in addition to the $10,000 debt outstanding. Committee notes indicate that payment is due, but its records do not show resolution of the matter. Therefore, the General Counsel recommends that the Commission find reason to believe that the following violations occurred.

8204034408

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that the Sheraton Park Hotel violated 2 U.S.C. § 441b(a).

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Standard Typewriter and Equipment Co.
1528 "K" Street, N.W.
Washington, D.C. 20005

RE: MUR 1206

Dear Sir or Madam:

On , 1980, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your corporation, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be 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 investigation to be made public.

0204034409

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

Enclosures

General Counsel's Factual and Legal Analysis
Procedures

8204034410

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Standard Typewriters and Equipment

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, the Magus Corporation apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1979. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

0204034411

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

Auditors stated that the Committee could not produce evidence of any vendor attempts to obtain payment. The Committee controller indicated to the auditors that, for all but fundraising and operating expenses, the Committee pays debts only in response to vendor pressure. The controller also noted that certain billings are disputed. All outstanding debts are continuously reported.

Of the corporate debts referred to the Office of General Counsel, six were incurred in 1976, nine in 1977, and five in 1978. The oldest dates back to February 1976, the most recent to July 1978. While we do not know the normal business or trade practice for each corporation's granting of credit, it appears that extensions of two to five years are excessively long. In this case, no apparent attempts were made by debtor or creditors to pay the debts or seek settlement. A finding of reason to believe in this matter will offer the Committee and corporations the opportunity to demonstrate that the extensions of credit are commercially reasonable and therefore should not be deemed contributions.

In addition, another corporate vendor wrote to the Committee seeking a final payment of $10,000 on a contracted total of $50,000 for producing a campaign film. The letter states that the vendor in question, the Magus Corporation, took a loss on the contract in addition to the $10,000 debt outstanding. Committee notes indicate that payment is due, but its records do not show resolution of the matter. Therefore, the General Counsel recommends that the Commission find reason to believe that the following violations occurred.

2040344412

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that Standard Typewriters and Equipment violated 2 U.S.C. § 441b(a).

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ford Motor Company
815 Connecticut Avenue, N.W.
Washington, D.C. 20006

RE: MUR 1206

Dear Sir or Madam:

On , 1980, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your corporation, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be 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 investigation to be made public.

0204034413

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

Enclosures

General Counsel's Factual and Legal Analysis
Procedures

6204034414

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Ford Motor Co.

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, the Magus Corporation apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1979. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

5204344415

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

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In addition, another corporate vendor wrote to the Committee seeking a final payment of $10,000 on a contracted total of $50,000 for producing a campaign film. The letter states that the vendor in question, the Magus Corporation, took a loss on the contract in addition to the $10,000 debt outstanding. Committee notes indicate that payment is due, but its records do not show resolution of the matter. Therefore, the General Counsel recommends that the Commission find reason to believe that the following violations occurred.

0 2 0 4 0 3 4 4 4 1 6

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that the Ford Motor Co. violated 2 U.S.C. § 441b(a).

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Total Audio-Visual Service
590 Piedmont Avenue
Atlanta, Georgia 30308

RE: MUR 1206

Dear Sir or Madam:

On , 1980, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

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The investigation now being conducted will be 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 investigation to be made public.

5204034417

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

Enclosures

General Counsel's Factual and Legal Analysis
Procedures

8204034418

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Total Audio-Visual Service

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, the Magus Corporation apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1979. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

6204034419

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

Auditors stated that the Committee could not produce evidence of any vendor attempts to obtain payment. The Committee controller indicated to the auditors that, for all but fundraising and operating expenses, the Committee pays debts only in response to vendor pressure. The controller also noted that certain billings are disputed. All outstanding debts are continuously reported.

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In addition, another corporate vendor wrote to the Committee seeking a final payment of $10,000 on a contracted total of $50,000 for producing a campaign film. The letter states that the vendor in question, the Magus Corporation, took a loss on the contract in addition to the $10,000 debt outstanding. Committee notes indicate that payment is due, but its records do not show resolution of the matter. Therefore, the General Counsel recommends that the Commission find reason to believe that the following violations occurred.

0 2 0 4 0 3 4 4 4 2 0

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that the Total Audio-Visual Service violated 2 U.S.C. § 441b(a).

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Action Research Intervention
7 Mornington Lane
Cleveland, Ohio 44106

RE: MUR 1206

Dear Sir or Madam:

On , 1980, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

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The investigation now being conducted will be 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 investigation to be made public.

8204034421

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

Enclosures

General Counsel's Factual and Legal Analysis
Procedures

6204034442

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.
Frances B. Hagan
202/523-4057

RESPONDENT: Action Research Interventions

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, the Magus Corporation apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1979. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

0204034423

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

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Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that Action Research Interventions violated 2 U.S.C. § 441b(a).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Waldorf Astoria Hotel
Park Avenue @ Fiftieth Street
New York, New York 10022

RE: MUR 1206

Dear Sir or Madam:

On , 1980, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

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The investigation now being conducted will be 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 investigation to be made public.

8204034425

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

Enclosures

General Counsel's Factual and Legal Analysis
Procedures

6204034444 26

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Waldorf Astoria Hotel

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, the Magus Corporation apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1979. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

0204034427

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

Auditors stated that the Committee could not produce evidence of any vendor attempts to obtain payment. The Committee controller indicated to the auditors that, for all but fundraising and operating expenses, the Committee pays debts only in response to vendor pressure. The controller also noted that certain billings are disputed. All outstanding debts are continuously reported.

Of the corporate debts referred to the Office of General Counsel, six were incurred in 1976, nine in 1977, and five in 1978. The oldest dates back to February 1976, the most recent to July 1978. While we do not know the normal business or trade practice for each corporation's granting of credit, it appears that extensions of two to five years are excessively long. In this case, no apparent attempts were made by debtor or creditors to pay the debts or seek settlement. A finding of reason to believe in this matter will offer the Committee and corporations the opportunity to demonstrate that the extensions of credit are commercially reasonable and therefore should not be deemed contributions.

In addition, another corporate vendor wrote to the Committee seeking a final payment of $10,000 on a contracted total of $50,000 for producing a campaign film. The letter states that the vendor in question, the Magus Corporation, took a loss on the contract in addition to the $10,000 debt outstanding. Committee notes indicate that payment is due, but its records do not show resolution of the matter. Therefore, the General Counsel recommends that the Commission find reason to believe that the following violations occurred.

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that the Waldorf Astoria Hotel violated 2 U.S.C. § 441b(a).

0 2 0 4 0 3 4 4 2 8

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Word Processing Service, Inc.
P. O. Box 1306
Hagertown, Maryland 21740

RE: MUR 1206

Dear Sir or Madam:

On , 1980, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your corporation, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be 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 investigation to be made public.

8204034429

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

Enclosures

General Counsel's Factual and Legal Analysis
Procedures

8204034430

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Word Process Service, Inc.

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)) In addition, the Magus Corporation apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1979. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

0204434431

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

Auditors stated that the Committee could not produce evidence of any vendor attempts to obtain payment. The Committee controller indicated to the auditors that, for all but fundraising and operating expenses, the Committee pays debts only in response to vendor pressure. The controller also noted that certain billings are disputed. All outstanding debts are continuously reported.

Of the corporate debts referred to the Office of General Counsel, six were incurred in 1976, nine in 1977, and five in 1978. The oldest dates back to February 1976, the most recent to July 1978. While we do not know the normal business or trade practice for each corporation's granting of credit, it appears that extensions of two to five years are excessively long. In this case, no apparent attempts were made by debtor or creditors to pay the debts or seek settlement. A finding of reason to believe in this matter will offer the Committee and corporations the opportunity to demonstrate that the extensions of credit are commercially reasonable and therefore should not be deemed contributions.

In addition, another corporate vendor wrote to the Committee seeking a final payment of $10,000 on a contracted total of $50,000 for producing a campaign film. The letter states that the vendor in question, the Magus Corporation, took a loss on the contract in addition to the $10,000 debt outstanding. Committee notes indicate that payment is due, but its records do not show resolution of the matter. Therefore, the General Counsel recommends that the Commission find reason to believe that the following violations occurred.

8204034432

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that Word Process Service, Inc. violated 2 U.S.C. § 441b(a).

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Hotel Copy Center, Inc.
Sheraton Park Hotel
2660 Woodley Road, N.W.
Washington, D.C. 20008

RE: MUR 1206

Dear Sir or Madam:

On , 1980, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your corporation, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be 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 investigation to be made public.

0204034433

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

Enclosures

General Counsel's Factual and Legal Analysis
Procedures

6204034434

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Hotel Copy Center, Inc.

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, the Magus Corporation apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1979. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

0204034435

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

Auditors stated that the Committee could not produce evidence of any vendor attempts to obtain payment. The Committee controller indicated to the auditors that, for all but fundraising and operating expenses, the Committee pays debts only in response to vendor pressure. The controller also noted that certain billings are disputed. All outstanding debts are continuously reported.

Of the corporate debts referred to the Office of General Counsel, six were incurred in 1976, nine in 1977, and five in 1978. The oldest dates back to February 1976, the most recent to July 1978. While we do not know the normal business or trade practice for each corporation's granting of credit, it appears that extensions of two to five years are excessively long. In this case, no apparent attempts were made by debtor or creditors to pay the debts or seek settlement. A finding of reason to believe in this matter will offer the Committee and corporations the opportunity to demonstrate that the extensions of credit are commercially reasonable and therefore should not be deemed contributions.

In addition, another corporate vendor wrote to the Committee seeking a final payment of $10,000 on a contracted total of $50,000 for producing a campaign film. The letter states that the vendor in question, the Magus Corporation, took a loss on the contract in addition to the $10,000 debt outstanding. Committee notes indicate that payment is due, but its records do not show resolution of the matter. Therefore, the General Counsel recommends that the Commission find reason to believe that the following violations occurred.

8204034436

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that the Hotel Copy Center, Inc. violated 2 U.S.C. § 441b(a).

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ramada Inn
Rt. #18 & Schoolhouse Lane
East Brunswick, New Jersey 08816

RE: MUR 1206

Dear Sir or Madam:

On , 1980, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your corporation, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be 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 investigation to be made public.

8204034437

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

Enclosures

General Counsel's Factual and Legal Analysis
Procedures

8204034438

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Ramada Inn

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, the Magus Corporation apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1979. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

0204034439

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

Auditors stated that the Committee could not produce evidence of any vendor attempts to obtain payment. The Committee controller indicated to the auditors that, for all but fundraising and operating expenses, the Committee pays debts only in response to vendor pressure. The controller also noted that certain billings are disputed. All outstanding debts are continuously reported.

Of the corporate debts referred to the Office of General Counsel, six were incurred in 1976, nine in 1977, and five in 1978. The oldest dates back to February 1976, the most recent to July 1978. While we do not know the normal business or trade practice for each corporation's granting of credit, it appears that extensions of two to five years are excessively long. In this case, no apparent attempts were made by debtor or creditors to pay the debts or seek settlement. A finding of reason to believe in this matter will offer the Committee and corporations the opportunity to demonstrate that the extensions of credit are commercially reasonable and therefore should not be deemed contributions.

In addition, another corporate vendor wrote to the Committee seeking a final payment of $10,000 on a contracted total of $50,000 for producing a campaign film. The letter states that the vendor in question, the Magus Corporation, took a loss on the contract in addition to the $10,000 debt outstanding. Committee notes indicate that payment is due, but its records do not show resolution of the matter. Therefore, the General Counsel recommends that the Commission find reason to believe that the following violations occurred.

8204034440

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that Ramada Inn violated 2 U.S.C. § 441b(a).

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Action Survey, Inc.
817 Silver Spring Avenue
Silver Spring, Maryland 20910

RE: MUR 1206

Dear Sir or Madam:

On , 1980, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your corporation, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be 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 investigation to be made public.

8204034441

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

Enclosures

General Counsel's Factual and Legal Analysis
Procedures

8204034444 2

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Action Survey, Inc.

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, the Magus Corporation apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1979. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

8204034443

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

Auditors stated that the Committee could not produce evidence of any vendor attempts to obtain payment. The Committee controller indicated to the auditors that, for all but fundraising and operating expenses, the Committee pays debts only in response to vendor pressure. The controller also noted that certain billings are disputed. All outstanding debts are continuously reported.

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In addition, another corporate vendor wrote to the Committee seeking a final payment of $10,000 on a contracted total of $50,000 for producing a campaign film. The letter states that the vendor in question, the Magus Corporation, took a loss on the contract in addition to the $10,000 debt outstanding. Committee notes indicate that payment is due, but its records do not show resolution of the matter. Therefore, the General Counsel recommends that the Commission find reason to believe that the following violations occurred.

8204034444

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that Action Survey, Inc. violated 2 U.S.C. § 441b(a).

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Playboy Limousine, Inc.
1629 Twelfth Street
Santa Monica, California 90404

RE: MUR 1206

Dear Sir or Madam:

On , 1980, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your corporation, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be 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 investigation to be made public.

8204034445

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

Enclosures

General Counsel's Factual and Legal Analysis
Procedures

8204034446

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Playboy Limousine, Inc.

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, the Magus Corporation apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

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Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1979. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

0204034447

If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

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8204034448

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that Playboy Limousine, Inc. violated 2 U.S.C. § 441b(a).

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ms. Patricia Winstead,
Production Director
The Magus Corporation
1700 Waverly Street
Philadelphia, PA 19146

RE: MUR 1206

Dear Ms. Winstead

On , 1980, the Federal Election Commission determined that there is reason to believe that your corporation violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution to the Democratic National Committee Services Corporation. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your corporation, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be 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 investigation to be made public.

8204034449

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter at 202/523-4057.

Sincerely,

Enclosures

General Counsel's Factual and Legal Analysis
Procedures

6204034450

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____

MUR NO. 1206
STAFF MEMBER(S) & TEL. NO.

Frances B. Hagan

202/523-4057

RESPONDENT: Magus Corporation

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

The Democratic National Committee Services Corporation ("the Committee") violated 2 U.S.C. § 441b by accepting corporate contributions totaling $54,254.79 by failing to pay 20 debts to 15 corporate vendors during 1976-1978. These corporate entities violated 2 U.S.C. § 441b by making contributions to the Committee through failure to seek payment of debts outstanding beyond a commercially reasonable time period. (See 11 C.F.R. § 100.7(a)(4)). In addition, the Magus Corporation apparently violated 2 U.S.C. § 441b(a) by making a contribution to the Committee when the corporation took a loss on a contract for services.

FACTUAL AND LEGAL ANALYSIS

During the audit of the DNC Services Corp., the auditors discovered 40 debts outstanding to individuals and corporate entities totaling $79,131.33. Debts to individuals date back to 1974. However, the auditors were able to verify that no excessive contributions resulted.

Twenty debts to 15 corporate entities remain outstanding. These debts, totaling $54,254.79, were incurred between 1976 and 1979. The current Commission regulations at 11 C.F.R. § 100.7(a)(4) state that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect" (See also former 11 C.F.R. § 100.4(a)(6) which is nearly identical in wording.)

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If a Committee is unable to pay its debts, the regulations provide for settlement pursuant to "commercially reasonable" standards set forth at 11 C.F.R. § 114.10. Any such agreement is subject to Commission review and approval.

The Committee's acceptance of prohibited contributions through its failure to pay debts appears to constitute a violation of 2 U.S.C. § 441b(a) which makes it unlawful "for any . . . political committee . . . knowingly to accept or receive any contribution prohibited by this section . . ." Such contributions include those made by "any corporation . . . in connection with any election . . ." Therefore, the corporate creditors are apparently in violation of this section as well.

Auditors stated that the Committee could not produce evidence of any vendor attempts to obtain payment. The Committee controller indicated to the auditors that, for all but fundraising and operating expenses, the Committee pays debts only in response to vendor pressure. The controller also noted that certain billings are disputed. All outstanding debts are continuously reported.

Of the corporate debts referred to the Office of General Counsel, six were incurred in 1976, nine in 1977, and five in 1978. The oldest dates back to February 1976, the most recent to July 1978. While we do not know the normal business or trade practice for each corporation's granting of credit, it appears that extensions of two to five years are excessively long. In this case, no apparent attempts were made by debtor or creditors to pay the debts or seek settlement. A finding of reason to believe in this matter will offer the Committee and corporations the opportunity to demonstrate that the extensions of credit are commercially reasonable and therefore should not be deemed contributions.

In addition, another corporate vendor wrote to the Committee seeking a final payment of $10,000 on a contracted total of $50,000 for producing a campaign film. The letter states that the vendor in question, the Magus Corporation, took a loss on the contract in addition to the $10,000 debt outstanding. Committee notes indicate that payment is due, but its records do not show resolution of the matter. Therefore, the General Counsel recommends that the Commission find reason to believe that the following violations occurred.

Recommendations

1. Find reason to believe that the Democratic National Committee Services Corporation violated 2 U.S.C. § 441b(a).

2. Find reason to believe that the Magus Corporation violated 2 U.S.C. § 441b(a).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 14, 1980

MEMORANDUM

TO: Robert J. Costa

THROUGH: Orlando B. Potter
Staff Director

FROM: Charles N. Steele
General Counsel

SUBJECT: Interim Audit Report - DNC Services Corp. - A-700

The Office of General Counsel has reviewed the Interim Audit Report regarding the DNC Services Corporation ("the Committee"). Based on this report and additional information obtained from the auditors, we offer the following comments.

In Finding A-1, the Committee paid the principal on a $215,564.00 note to a corporate vendor but failed to make final interest payments. The balance due is calculated at $1,943.94. We agree with recommendation that the Committee be required to repay the outstanding amount due on this note or show why it should not be paid.

In Finding A-2, the auditors discovered three charges from a corporation totaling $33,139.00 which were not disclosed on reports, and apparently were never paid. The Committee stated that it had disputed these particular bills (for expenses of the corporation's president, consulting fees, and a survey report) with the vendor without arriving at an agreement. It seems that the Committee did not pay the bills and the vendor did not attempt to collect on them.

It is necessary, as the Audit Division recommends, that the Committee show evidence either that the charges were made in error or that the invoices were actually paid. If the billing is valid, we would recommend that the Committee pay the vendor and amend disclosure reports accordingly. In addition, we concur with the conclusion that no further action be taken regarding late disclosure of certain expenses. The Committee has demonstrated its efforts to facilitate routing procedures since that time.

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During the audit, the auditors found that several old checks, totaling $5,313.41, which payees had not cashed, had been written off, that is, reincluded with cash-on-hand totals. Six of these, totaling $1,242.54 were payable to corporate entities. Only one check was greater than $500.00. We agree that the Committee should reissue checks to the corporations, using cashier's checks to avoid the acceptance of corporate monies in this matter. We also concur with the recommendation that no action be taken regarding small (less than $100) unnegotiated checks to individuals and political committees.

As to the matter referred in Finding B, we agree that it be explored further as a Matter Under Review. We would also include Finding A-3 in the MUR, as the issue therein is similar to a matter under investigation regarding the affiliated Democratic National Committee, MUR 1166. The issue concerns corporate services provided at a cost apparently below the fair market value.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 1, 1980

MEMORANDUM

TO: CHARLES STEELE
GENERAL COUNSEL

THROUGH: ORLANDO B. POTTER
STAFF DIRECTOR

FROM: BOB COSTA

SUBJECT: INTERIM AUDIT REPORT DNC SERVICES CORPORATION

Attached please find a copy of the interim audit report of the DNC Services Corporation for your review and legal analysis. Please note that the findings and recommendations in this report may be similar to matters covered in the Democratic National Committee interim audit report forwarded January 29, 1980.

Should you have any questions, please contact either Russ Brunner or Ron West on extension 3-4155.

Attachment as stated

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

INTERIM REPORT OF THE AUDIT DIVISION ON THE DNC SERVICES CORPORATION

I. Background

A. Overview

This report is based upon an audit of the DNC Services Corporation ("the Committee"), undertaken by the Audit Division of the Federal Election Commission in accordance with the Commission's audit policy to determine whether there has been compliance with the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The audit was conducted pursuant to Section 438(a)(8) of Title 2 of the United States Code which directs the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Act.

The Committee registered with the Clerk of the United States House of Representatives on September 25, 1972, as an affiliate of the Democratic National Committee. 1/ The Committee maintains its headquarters in Washington, D.C.

The audit covered the period from January 1, 1976 through June 30, 1979, the final coverage date of the most recent report filed by the Committee at the time of the audit. The Committee reported an opening cash balance on January 1, 1976 of $26,190.66, total receipts for the period of $18,462,292.92, total expenditures for the period of $18,331,295.58, and a closing cash balance on June 30, 1979 of $157,188.00.

This report is based upon documents and working papers which support each of the factual statements. They form part of the record upon which the Commission based its decisions on the matters in the report and were available to Commissioners and appropriate staff for review.

1/ The Committee operated as the expenditure arm of the National party for the period January 1, 1976 through September 30, 1978 in concert with the contribution committees: the Democratic National Committee (DNC) and Democratic Finance Committee (DFC). On September 30, 1978, the DNC and DFC merged into the Committee.

B. Key Personnel

The principal officers of the Committee during the period audited were as follows:

DATE	CHAIRMAN	TREASURER
1/1/76-1/31/77	Robert S. Strauss	Edward Bennett Williams
2/1/77-6/5/78	Kenneth M. Curtis	Joel McCleary
6/6/78-4/13/79	John C. White	Evan S. Dobelle
4/14/79-6/30/79	John C. White	Peter G. Kelly

C. Scope

The audit included such tests as verification of reported receipts, expenditures and individual transactions; review of required supporting documentation; analysis of Committee debts and obligations; and such other audit procedures as deemed necessary under the circumstances.

II. Interim Findings and Recommendations

A. Unpaid or Negotiated Debts as Corporate Contributions

Section 441b(a) of Title 2 of the United States Code states, in part, that it is unlawful for any corporation to make a contribution or expenditure in connection with any Federal election to political office.

Section 114.10(c)(3) of Title 11, of the Code of Federal Regulations requires that a corporation and/or a debtor must file a statement of settlement with the Commission for debts forgiven by a vendor.

1. Interest Not Paid to a Corporate Vendor

On June 30, 1977, a note in the amount of $215,564.00, at an interest rate of 9½% was signed by the Committee and the Democratic National Committee 2/ consolidating all debt owed to a vendor who was verified to be registered as a corporation. Our review of this arrangement and subsequent principal and interest payments revealed that as of March 15, 1979, the time of the last payment to the vendor, no debt was reported as owing to the vendor but our verification of interest revealed a balance due of $1,943.94. The Committee officials stated that previous officials had indicated that the vendor's note had been paid in full.

2/ The Democratic National Committee terminated its activities on September 30, 1978, through merger into the Committee. At this time all debts were absorbed by the Committee.

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Recommendation

The Audit staff recommends that the Committee pay the debt noted above and submit evidence of this payment (i.e. copy front and back of the cancelled check used for this payment) to the Audit staff for review within 30 days of receipt of this report or provide evidence within the 30 day period which demonstrates that the debt was either previously paid or not owed.

2. Undisclosed Corporate Invoices

As a result of our review of vendor files, we discovered that as of June 30, 1979 invoices indicated a balance due a vendor, who was a verified corporate entity, to be $276,524.75 whereas the Committee disclosed a balance owed of $243,385.75 for a difference of $33,139.00. Further research revealed the following undisclosed charges:

a. A $5,000.00 charge in 1976 for services rendered.

b. A $3,139.00 charge in 1977 for miscellaneous expenses of the president of the corporation.

c. A $25,000.00 charge in 1978 for consulting services, which services were said by the Committee Administrator to never have been authorized.

Our review also revealed that nine (9) other invoices for charges incurred in 1978 and 1979 were not disclosed for periods ranging from 72 to 381 days.

The Committee officials stated that the three (3) invoices noted above were disputed by the Committee but that there was no correspondence to support the disputes and that the vendor had made no attempt to collect the amounts involved. They further stated that the late disclosure of invoices was due to the torpid routing procedures used to get the invoices to the accounting department but that those procedures have been corrected.

Recommendation

The Audit staff recommends that the Committee request a statement in writing from the vendor that the invoices noted above were in error and submit evidence of the correspondence (i.e. copies of letters sent and received) to the Audit staff for review within 30 days of receipt of this report or provide evidence within the 30 day period which demonstrates that the invoices were paid. Also, no further action is recommended concerning the late reporting of invoices since the procedural problems have been corrected.

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3. Corporate Services Provided at Less Than Normal Charge

Our review of the vendor file of a business entity, verified to be incorporated, revealed a collection letter dated March 21, 1979 from the vendor to the Democratic National Committee. 2/ This letter stated that a contract between the vendor and the Democratic National Committee was negotiated at less than the normal charge for the services which were provided. The corporate vendor was pursuing the collection of the final contracted payment, of $10,000.00. The Committee officials could not recall the particulars of this matter.

Recommendation

The Audit staff recommends that the Committee contact the vendor and determine the amount of the loss referred to in the collection letter noted above and disclose this amount as a debt until paid.

4. Prohibited Contributions Through Cancellation of Outstanding Checks For Corporate Debts

During our review of general journal entries made by the Committee, we discovered that entries were made on 12/31/76, 4/17/77, and 7/31/78 to write-off (cancel) 21 stale, uncashed checks totaling $5,313.41. Of this total, six (6) checks totaling $1,242.54 were verified to be to corporate entities at the time that the checks were issued and written-off. There was no evidence in the Committee records to indicate that checks had been reissued to any of the corporations or individuals involved.

Recommendation

The Audit staff recommends that the Committee reissue checks to each of the six (6) corporate vendors noted above and submit evidence of these payments (i.e. copy front and back of each cancelled check used for the payments) to the Audit staff for review within 30 days of receipt of this report or provide evidence within the 30 day period which demonstrates that the payments were previously made or did not involve corporate vendors. Since the remaining 15 cancelled payments totaling $4,070.87 were payable to either individuals, in amounts of $100.00 or less, or political committees and reclassifiable as an in-kind contribution without a contribution limit being exceeded (2 U.S.C. 441a(a)) no further action is recommended on this matter.

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B. Aged, Unpaid Corporate Debts As Contributions

Section 100.4(a)(6) of Title 11 of the Code of Federal Regulations states that the term contribution shall include the extension of credit for a length of time beyond normal business or trade practice, unless the creditor has made a commercially reasonable attempt to collect the debt.

Our review of debts and obligations outstanding as of June 30, 1979, revealed that the Committee had incurred 40 debts with a total balance of $79,131.33 which were outstanding six (6) months or longer. These debts dated as far back as May 4, 1973 with no payments made since the inception of the debts. Of the 40 debts, 20, with a balance of $54,254.79, were with business entities which were verified to be incorporated at the time that the debts were incurred (See attachment). The Committee officials stated that in many cases they had not heard from the vendors and that it was standard committee policy to pay debts, other than fundraising and operating expenses, only under vendor pressure.

Due to the lack of an established maximum length of time to expect payment of debts, the Audit staff is uncertain as to whether the debts noted above do qualify as contributions under the Act.

Recommendation

It is recommended that this matter be referred to the Office of General Couhsel for analysis, and if deemed appropriate, considered as a possible MUR.

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Attachment

Unpaid Corporate Debts Outstanding More Than Six (6) Months

Vendor	Date Incurred	Amount	Committee Comments
Standard Typewriter & Equipment	2-16-76	$ 63.00	None
Ford Motor Company	2-25-76	2,000.00	None
Ford Motor Company	9-8-76	2,000.00	None
Total Audio-Visual Service	11-30-76	364.00	None
Action Research Interventions	12-31-76	6,007.31	None
Waldorf Astoria Hotel	12-31-76	855.26	None
Word Process Service, Inc.	1-19-77	400.00	Machine under maintenance agreement and now in custody of vendor.
Word Process Service, Inc.	3-25-77	166.05	Same as above
Hotel Copy Center, Inc.	4-12-77	339.41	Bill is in dispute
Waldorf Astoria Hotel	8-12-77	524.84	Bill is in dispute
Ramada Inn	8-19-77	2,450.00	Bill was not authorized by the Committee but plans to pay debt.
Action Survey, Inc.	9-9-77	485.00	None.
Roper Organization	12-12-77	1,625.00	None
Playboy Limousine, Inc.	12-30-77	402.98	None

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Vendor	Date Incurred	Amount	Committee Comments
General Electric	12/77	$32,082.20	Security deposit of $5,000.00 was apparently forfeited by the Committee.
Aero Virgin Island Corporation	1-31-78	180.00	None
Triplex Direct Marketing	1-31-78	77.43	None
Roper Organization	2-15-78	1,625.00	None
Triplex Direct Marketing	4-28-78	2,344.58	Possible double billing. Invoice is under Committee review.
Sheraton Park Hotel	7-18-78	262.73	None
	TOTAL	$54,254.79	

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

THIS IS THE BEGINNING OF MUR # 1206

Date Filmed 8/25/92 Camera No. --- 2

Cameraman JPC

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