FEDERAL ELECTION COMMISSION

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

THIS IS THE END OF MUR # 1360

Date Filmed 3-10-83 Camera No. --- 2

Cameraman DPC

FEDERAL ELECTION COMMISSION 1310

Conciliation materials exempt pursuant to 5 USC § 552(b)(3); Comment sheets and memoranda exempt pursuant to 5 USC § 552(b)(5); Bank Statements and checking account numbers exempt pursuant to 5 USC § 552(b)(6); Rating cards

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 Marina E. Hute

date February 18, 1983

FEC 9-21-77

8304030057

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 18, 1983

Maureen Duignan
Thomas Lemmer
McKenna, Conner, and Cuneo
1575 Eye Street, N.W.
Washington, D.C. 20005

Re: MUR 1142/1255, 1349, 1360
Charles Wick,
Mary Jane Wick,
Mercury Exploration Company,
Albert Frowiss,
Peter Hon,
Forrest Lattner,
Thomas Sefton,
Mrs. B.F. Weekley,
Thomas Trainer,
Tommy Thomas Chevrolet Co., Inc.,
North Hollywood Glass Company,
Richard J. Green,
Leonard W. Hardy,
Charles K. Fletcher,
Margaret B. Bartlett,
James M. Forgotson,
Frank M. Klamt,
Moran Interests

1830405805

Dear Ms. Duignan and Mr. Lemmer:

This is to advise you that the entire file in each of these matters has now been closed, and will become part of the public record within 30 days.

If you have any questions, please contact Maura White at 523-4057 or Anne Weissenborn at 523-4175.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 18, 1983

John N. Thompson, Esquire
Kathryn F. Gilson, Esquire
Bassey, Selesko, Couzens and Murphy
1400 American Center
Southfield, Michigan 48034

Re: MUR 1360
Hazel Bowerman

Dear Mr. Thompson and Ms. Gilson:

This is to advise you that the entire file in this matter has now been closed, and will become part of the public record within 30 days.

If you have any questions, please contact Maura White at 202-523-4057.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 18, 1983

Raymond K. Cooper
Myers Y. Cooper Company
515 Dixie Terminal Building
Cincinnati, Ohio 45202

Re: MUR 1360
Raymond K. Cooper

Dear Mr. Cooper:

This is to advise you that the entire file in this matter has now been closed, and will become part of the public record within 30 days.

If you have any questions, please contact Maura White at 202-523-4057.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

8304080057

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 18, 1983

Malachy J. Coughlan, Esquire
9008 South Hamilton Avenue
Chicago, Illinois 60620

Re: MUR 1360
Michael F. Cross

Dear Mr. Coughlan:

This is to advise you that the entire file in this matter has now been closed, and will become part of the public record within 30 days.

If you have any questions, please contact Maura White at 202-523-4057.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 18, 1983

D. Richard Geske, President
MediAmerica, Inc.
1900 N. Beauregard Street
Suite 12
Alexandria, Virginia 22311

Re: MUR 1360
MediaAmerica, Inc.

Dear Mr. Geske:

This is to advise you that the entire file in this matter has now been closed, and will become part of the public record within 30 days.

If you have any questions, please contact Maura White at 202-523-4057.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 18, 1983

Charles J. Seidler, Jr., Esquire
90 Park Avenue
New York, New York 10016

Re: MUR 1360
Rudolp Bernatschke

Dear Mr. Seidler:

This is to advise you that the entire file in this matter has now been closed, and will become part of the public record within 30 days.

If you have any questions, please contact Maura White at 202-523-4057.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 18, 1983

William Manning
110 Calle Alta
Orange, California 92669

Re: MUR 1360
William Manning

Dear Mr. Manning:

This is to advise you that the entire file in this matter has now been closed, and will become part of the public record within 30 days.

If you have any questions, please contact Maura White at 202-523-4057.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 18, 1983

Ward F. Cleary, Esquire
Curtis, Brinckerhoff and Barrett
666 Summer Street
Stamford, Connecticut 06901

Re: MUR 1360
B.D. Gilbert

Dear Mr. Cleary:

This is to advise you that the entire file in this matter has now been closed, and will become part of the public record within 30 days.

If you have any questions, please contact Maura White at 202-523-4057.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 18, 1983

Edward DiLoreto
7333 Rio Flora Place
Downey, California 90241

Re: MUR 1360
Edward DiLoreto

Dear Mr. DiLoreto:

This is to advise you that the entire file in this matter has now been closed, and will become part of the public record within 30 days.

If you have any questions, please contact Maura White at 202-523-4057.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

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2041097

RECEIVED FEC
83 FEB 17 P12:36

MUSICK, PEELER & GARRETT
A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
SUITE 1175 RING BUILDING
1200 EIGHTEENTH STREET N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 775-1427

LOS ANGELES OFFICE
ONE WILSHIRE BOULEVARD
LOS ANGELES, CALIFORNIA
(213) 629-7600

NEWPORT BEACH OFFICE
SUITE 900
4000 MACARTHUR BOULEVARD
NEWPORT BEACH, CALIFORNIA
(714) 752-8100

ELVON MUSICK 1890-1968
LEROY A. GARRETT 1906-1983

DENVER OFFICE
SUITE 1500
718 SEVENTEENTH STREET
DENVER, COLORADO
(303) 825-5721

WRITER'S DIRECT DIAL NUMBER

83 FEB 17 P2:24

February 9, 1983

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

Attention: Kenneth A. Gross, Esq.

Re: Reagan for President Committee -
MURs 1142/1255, 1349, 1360

Dear Mr. Gross:

I hereby request that the public record reflect that the Reagan for President Committee has authorized me to serve as the spokesman for the Committee with respect to any inquiries which may be directed to the Committee with respect to the above-captioned matters.

Yours truly,

Ronald E. Robertson
for Musick, Peeler & Garrett

RER:nb

cc: Mr. Curtis Mack
Treasurer
Reagan for President Committee

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 4, 1983

Ronald E. Robertson, Esquire
Musick, Peeler and Garrett
Suite 1175, Ring Building
1200 Eighteenth Street, N.W.
Washington, D.C. 20036

Re: MURs 1142/1255, 1349 and 1360;
Reagan for President Committee

Dear Mr. Robertson:

On February 3, 1983, the Commission accepted the conciliation agreement signed by your client, Reagan for President Committee, in settlement of violations of 2 U.S.C. §§ 434(b)(8), 441a(f), and 441b(a), provisions of the Federal Election Campaign Act of 1971, as amended. In addition, in connection with MUR 1142/1255, the Commission determined to take no further action against the Committee under former 2 U.S.C. § 434(b)(9) for its method of reporting repayments to persons who made advances.

Accordingly, the file has been closed in the above-referenced matters, and it will become public within thirty days. See 11 C.F.R. § 4.4(a)(3). However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation agreement

cc: John Duffy

GCC# 9421

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
	)	MUR 1142/1255,
Reagan for President Committee	)	1349, 1360
	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission (hereinafter "the Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission has found probable cause to believe that the Reagan for President Committee ("the Committee") violated 2 U.S.C. § 441a(f) in connection with MUR 1142/1255 and MUR 1349. The Commission has found reason to believe that the Committee violated 2 U.S.C. §§ 441a(f), 441b(a), and 434(b)(8) in connection with MUR 1360.

NOW, THEREFORE, the Commission and the Committee, having duly entered into conciliation pursuant to 2 U.S.C. § 437g(a)(4)(A)(i) with respect to MUR 1142/1255 and MUR 1349, and having participated in informal methods of conciliation prior to a finding of probable cause to believe with respect to MUR 1360, do hereby agree as follows:

I. The Federal Election Commission has jurisdiction over the Committee, and the subject matter of this case. This

agreement is entered into pursuant to 2 U.S.C. § 437g(a)(4)(A)(i) as to MURs 1142/1255 and 1349, and has the effect of an agreement entered into pursuant to 2 U.S.C. § 437g(a)(4)(A)(i) with regard to MUR 1360. The Committee has had a reasonable opportunity to demonstrate that no action should be taken in this matter, and enters into this agreement voluntarily.

II. A. (1) The Committee registered with the Commission on March 5, 1979, as the principal campaign committee of Ronald Reagan for the 1980 presidential primary elections.

B. (1) Section 441a(f) of Title 2, United States Code, prohibits a political committee from knowingly accepting a contribution from an individual which aggregates in excess of $1,000 per election.

(2) Section 441a(a)(1)(A) of Title 2, United States Code, prohibits single or aggregated contributions in excess of $1,000 from any person to any candidate or authorized committee of that candidate with respect to any election to federal office.

(3) Section 103.3(b) of Title 11, Code of Federal Regulations, requires that contributions which appear to be illegal are to be returned within ten days of receipt or, if deposited, are to be noted as being possibly illegal and duly investigated. If the legality of a contribution cannot be established, it is to be refunded "within a reasonable time."

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(4) Section 100.7(c) of Title 11, Code of Federal Regulations, provides that, "any contribution or payment made by a married individual shall not be attributed to that individual's spouse, unless otherwise specified by that individual or by the individual's spouse."

(5) Section 104.8(c) of Title 11, Code of Federal Regulations, states that "absent evidence to the contrary, any contribution made by check, money order, or other written instrument shall be reported as a contribution by the last person signing the instrument prior to delivery to the candidate or committee," and Section 104.8(d) provides that "a contribution which represents contributions by more than one person shall indicate on the written instrument, or on an accompanying written statement signed by all contributors, the amount to be attributed to each contributor."

C. (1) During 1979 and 1980, the Committee accepted certain contributions from 370 individuals, the aggregate amounts of which exceeded $1,000 from each person and which totalled $187,349.94. Of this amount, $120,856.94 ultimately was refunded by the Committee.

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Refund checks totalling $14,405 were not cashed by contributors to whom they were issued. The Committee reattributed a total of $66,493 of the $187,349.94 amount to persons other than the originally reported contributors.

(2) The Committee contends that because of the volume of receipts during the primary campaign, it established a computerized system to record and aggregate contributions for purposes of complying with the reporting requirements and contribution limits. During the campaign the Committee received $13,890,201 in contributions. The Committee further contends that when its computerized system indicated that an individual's contribution had placed him or her in excess of the limitation, it used best efforts to verify the fact, to obtain necessary documentation enabling it to reattribute where appropriate, and to refund excessive amounts not reattributable.

(3) The Commission has found that the Committee's acceptance of the contributions cited in section II, C(1), was a violation of 2 U.S.C. § 441a(f) and that the Committee did not refund contributions or obtain reattributions of contributions within a reasonable period of time after acceptance of the contributions at issue. The average time taken for issuance of the refunds here involved was nine months.

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The average time taken for making the reattributions involved herein was nine and one-half months. The Commission has considered the return of excessive contributions and reattributions as a factor in mitigation of the violation.

D. (1) Section 431(8)(A)(i) of Title 2, United States Code, defines a "contribution" as including any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for federal office.

(2) Mr. Charles Wick was a volunteer worker who supervised the candidate's announcement dinner, which took place in New York, on November 13, 1979. During the period from September 12, 1979, through November 15, 1979, Mr. Wick paid expenses totalling $18,712.54 in connection with this event using his own cash, checks, and credit cards. Mary Jane Wick, a volunteer worker for the Committee, also paid expenses of $766.05 on December 31, 1979, in connection with this event using her personal check. Each of these individuals previously had contributed $1,000 to the Committee on March 26, 1979.

(3) On January 18, 1980, Mr. Wick submitted to the Committee a request for $19,478.59 for the expenses he paid ($18,712.54), and for the expenses paid by Mary Jane Wick ($766.05). On April 9, 1980, (i.e., 81 days after the date of the Wicks' invoice), the Committee

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reimbursed Charles Wick and Mary Jane Wick in the amount of $19,478.59.

(4) The Committee contends that all other expenses in connection with the November 13, 1979, fundraising event were paid directly by the Committee. The Committee further contends that it assumed reasonably that these were all of the expenses incurred in connection with the event, that the Committee had not authorized Mr. or Mrs. Wick to incur additional expenses or to pay for them with private funds, and that the Committee was not aware that Mr. and Mrs. Wick had paid expenses in excess of their contribution limitations until it received a request for reimbursement. The Committee contends further that its action after it received notice of the payment was reasonable, since Mr. Wick was reimbursed by the Committee 81 days from the date that he and Mrs. Wick submitted their expenses to the Committee. During that time, the Committee verified these expenses, confirmed the connection between these charges and the Committee's activities, and ultimately decided to authorize payment.

(5) The Commission has found that the Committee accepted contributions in excess of the limitation in violation of 2 U.S.C. § 441a(f) when Mr. and Mrs. Wick paid the above expenses during the period of

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September 12, 1979, through December 31, 1979 because such payments constituted advances, i.e., contributions, to the Committee, and the actions and knowledge of the Wicks may be imputed to the Committee.

E. (1) North Hollywood Glass Company ("NHGC") is a sole proprietorship owned and operated by Richard Gulbranson. It manufactures glass doors and windows. Between August 31, 1979, and October 31, 1979, NHGC incurred expenses totalling $5,680.00 with regard to the organization of a political fundraising event conducted on October 11, 1979. The expenses were incurred for such costs as printing, postage, caterers, and wages.

(2) By invoice dated October 31, 1979, the NHGC billed the Committee for the above expenses, and was reimbursed on December 3, 1979, i.e., within 33 days from the date on which NHGC's request for reimbursement was submitted.

(3) The Committee contends that it did not know that the NHGC had made expenditures on behalf of the Committee in excess of its limitation until it received NHGC's request for reimbursement. Furthermore, the Committee contends that upon receipt of information that expenses in excess of the limits had been incurred, it acted promptly to verify these expenses,

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confirm their connection with Committee activities, and reimburse the NHGC.

(4) The Commission has found that the NHGC made an excessive contribution to the Committee when it paid expenses of the fundraiser which totalled more than $1,000, and that, when these payments were made, the Committee accepted an excessive contribution in violation of 2 U.S.C. § 441a(f). The Commission has found that the NHGC incurred the above expenses on behalf of the Committee outside the ordinary course of its business and that the actions and knowledge of Mr. Gulbranson may be imputed to the Committee.

F. (1) On August 28, 1979, Charles K. Fletcher, the treasurer of the Committee for the State of Hawaii, made a $5,000 deposit using his personal funds. This deposit was made to the Hilton Hawaiian Village in connection with a fundraising event conducted in Hawaii on September 4, 1979. The Committee reimbursed Mr. Fletcher for the $5,000 deposit on January 25, 1980.

(2) The Committee contends that it had not authorized Mr. Fletcher to make the above deposit and had no actual knowledge that he had done so until it received notification to that effect. The Committee further contends that it acted reasonably after it learned of

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Mr. Fletcher's payment and promptly refunded his deposit.

(3) The Commission has found that the Committee accepted a contribution in excess of the limitation in violation of 2 U.S.C. § 441a(f) when Mr. Fletcher made a $5,000 deposit in connection with a fundraiser in Hawaii. The Commission has found that the actions and knowledge of Mr. Fletcher may be imputed to the Committee.

G. (1) Section 441b(a) of Title 2, United States Code, prohibits a federal political committee from knowingly accepting a contribution from a corporation.

(2) Luther Thomas, who is usually known as Tommy Thomas, was the Florida State Chairman of the Committee. During the period April 3, 1979, through August 26, 1980, he incurred travel and related expenses totalling $9,466.60 for hotels, airfare, telephones, meals, and car rentals. Tommy Thomas Chevrolet Co., Inc. ("TTCC"), an incorporated entity, which is wholly owned by Luther Thomas, paid these expenses. On September 30, 1980, the Committee received a letter from a Ms. Laurens P. Russell, an employee of TTCC, on TTCC letterhead which sought reimbursement for the above expenses. Ms. Russell stated that at the request of "Mr. Tommy Thomas" she was enclosing a "list of checks paid by Tommy Thomas

Chevrolet" and "original documents substantiating the enumerated charges," which amounted to $9,466.60.

(3) Section 434(b)(8) of Title 2, United States Code, requires a political committee to report the amount and nature of an outstanding obligation.

(4) The Committee, on its 10 day pre-general election report, 30 day post-general election report, and 1980 Year-End Report, reported an obligation of $9,466.60 to the individual, Tommy Thomas. The date of the obligation was reported as September 30, 1980, and the nature of the obligation was reported as "travel expense." The Committee's April 15, 1981, Quarterly Report, reported an expenditure on February 12, 1981, of $9,180.29 to Tommy Thomas as reimbursement for travel expenses.

(5) The Committee contends that it never authorized Mr. Thomas to have TTCC pay the above expenses, and that it did not know that TTCC had done so until it received Ms. Russell's letter requesting reimbursement. The Committee also contends that it owed no obligation to TTCC and that its method of reporting was not unreasonable.

(6) The Commission has found that the Committee accepted a corporate contribution from TTCC in violation of 2 U.S.C. § 441b(a) when TTCC paid the expenses incurred by Tommy Thomas in the course of his

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activity on behalf of the Committee. The Commission has found that these expenses were incurred outside the ordinary course of TTCC business and that the actions and knowledge of Tommy Thomas may be imputed to the Committee. Further, the Commission has found that the Committee violated 2 U.S.C. § 434(b)(8) when it improperly reported an obligation to the individual, Tommy Thomas, rather than to TTCC.

III. Because the Committee and the Commission desire to conclude this matter without further formal proceedings on the unresolved issues, the Committee agrees to pay a civil penalty of Nine Thousand Five Hundred Dollars ($9,500) in connection with those matters referenced in Section II C, and Two Thousand Five Hundred Dollars ($2,500) in connection with those matters referenced in Section II D, E, F, and G, pursuant to 2 U.S.C. § 437g(a)(5)(A).

IV. A. Except as provided by IV C below, this agreement shall constitute a complete bar to any further action by the Commission with regard to matters addressed in this agreement.

B. The Committee agrees that it shall not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431, et seq.

C. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that Section III of

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this agreement has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

D. It is mutually agreed that this agreement shall become effective on the date that all parties hereto have executed same and the Commission has approved the entire agreement.

E. The Committee shall have fifteen days to comply with the requirements contained in Section III of this agreement.

FOR THE COMMISSION:

Charles N. Steele
General Counsel

BY: Kenneth A. Gross — February 3, 1983
Kenneth A. Gross — Date
Associate General Counsel

FOR THE COMMITTEE:

Curtis Mack — January 21, 1983
Curtis Mack — Date
Treasurer

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REAGAN FOR PRESIDENT
COMPLIANCE FUND
P.O. BOX 4207
ARLINGTON, VIRGINIA 22204

1732

15-3/540

Dec. 17 19 82

PAY TO THE ORDER OF Treasury of the United States $ 12,000.00

Twelve thousand dollars----------00/100 DOLLARS

The RIGGS NATIONAL BANK
of WASHINGTON D.C.
MAIN OFFICE
1503 PENNSYLVANIA AVENUE, N.W.

FOR MUR 1142/1255, 1349, 1360

Ronald E. Robertson

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MURs 1142/1255, 1349
Reagan for President Committee	)	and 1360

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on February 3, 1983, the Commission decided by a vote of 6-0 to take the following actions in MURs 1142/1255, 1349 and 1360:

1. Approve the proposed conciliation agreement as submitted with the General Counsel's January 31, 1983, Memorandum to the Commission.

2. Take no further action against the Reagan for President Committee under former 2 U.S.C. § 434(b)(9) for its method of reporting repayments to persons who made advances.

3. Close the files in MURs 1142/1255, 1349 and 1360.

4. Send the letter as attached to the January 31, 1983 Memorandum to the Commission.

Commissioners Aikens, Elliott, Harris, McDonald, McGarry and Reiche voted affirmatively in this matter.

Attest :

2-3-83
Date

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

Received in Office of Commission Secretary: 1-31-83, 1:37
Circulated on 48 hour tally basis: 2- 1-83, 11:00

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 8, 1982

Edward Weidenfeld
McKenna, Conner, and Cuneo
1575 Eye Street, N.W.
Washington, D.C. 20005

Re: MUR 1360
Peter Hon

Dear Mr. Weidenfeld:

On September 9, 1982, the Commission accepted the conciliation agreement signed by you on behalf of your client, Peter Hon. A check for the civil penalty paid on behalf of Mr. Hon was received by this office on September 22, 1982. Accordingly, the file in this matter, as it pertains to Mr. Hon, has been closed and it will become public within 30 days after this matter has been closed with respect to all other respondents involved. The Commission reminds your client, 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.

Should you wish to submit any materials to appear on the public record concerning your client, please do so within ten days. For your information, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission.

If you have any questions please contact Maura White at 523-4057.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

8304057

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Edward Weidenfeld
McKenna, Conner, and Cuneo
1575 Eye Street, N.W.
Washington, D.C. 20005

Re: MUR 1360
Peter Hon

Dear Mr. Weidenfeld:

On September 9, 1982, the Commission accepted the conciliation agreement signed by you on behalf of your client, Peter Hon. A check for the civil penalty paid on behalf of Mr. Hon was received by this office on September 22, 1982. Accordingly, the file in this matter, as it pertains to Mr. Hon, has been closed and it will become public within 30 days after this matter has been closed with respect to all other respondents involved. The Commission reminds your client, 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.

Should you wish to submit any materials to appear on the public record concerning your client, please do so within ten days. For your information, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission.

If you have any questions please contact Maura White at 523-4057.

Sincerely,

Charles N. Steele
General Counsel

MW 10/7/82

By: Kenneth A. Gross
Associate General Counsel

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Peter Hon)

MUR 1360

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on October 7, 1982, the Commission approved by a vote of 6-0 the recommendation to close the file with respect to Peter Hon, and authorize the sending of the letter as submitted with the Memorandum to the Commission dated October 4, 1982.

Commissioners Aikens, Elliott, Harris, McDonald, McGarry and Reiche voted affirmatively in this matter.

Attest:

10-7-82
Date

Marjorie W. Emmons
Secretary of the Commission

Received in Office of Commission Secretary: 10-4-82, 2:38
Circulated on 48 hour tally basis: 10-5-82, 11:00

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October 4, 1982

MEMORANDUM TO: Marjorie W. Emmons

FROM: Phyllis A. Kayson

SUBJECT: MUR 1360

Please have the attached Memo to the Commission distributed to the Commission on a 48 hour tally basis. Thank you.

Attachment

cc: White

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SENSITIVE

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

82 OCT 4 P2: 38

October 4, 1982

MEMORANDUM TO: The Commission

FROM: Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

SUBJECT: MUR 1360

On September 9, 1982, the Commission accepted the conciliation agreement signed by counsel for Peter Hon, one of the respondents in this matter. A check for the civil penalty imposed upon Mr. Hon was received on September 22, 1982, from the Reagan campaign which also paid certain other respondents' civil penalties in MUR 1360 and MUR 1142/1255.

The General Counsel recommends that the Commission close the file with respect to Peter Hon, and authorize the sending of the attached letter.

Attachment
Letter to Weidenfeld

8304080600

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Edward Weidenfeld
McKenna, Conner, and Cuneo
1575 Eye Street, N.W.
Washington, D.C. 20005

Re: MUR 1360
Peter Hon

Dear Mr. Weidenfeld:

On September 9, 1982, the Commission accepted the conciliation agreement signed by you on behalf of your client, Peter Hon. A check for the civil penalty paid on behalf of Mr. Hon was received by this office on September 22, 1982. Accordingly, the file in this matter, as it pertains to Mr. Hon, has been closed and it will become public within 30 days after this matter has been closed with respect to all other respondents involved. The Commission reminds your client, 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.

Should you wish to submit any materials to appear on the public record concerning your client, please do so within ten days. For your information, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission.

If you have any questions please contact Maura White at 523-4057.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Attachment

8304080600

202816

RECEIVED AT THE FEC
Ref # 8511
82 SEP 22 PM 3

WILSIE H. ADAMS, JR.
JEFFREY P. ALTMAN*
ROBERT A. ANTHONY†
ROBERT G. BADAL
DANIEL H. BELIN
MICHAEL D. BERK
STEVEN L. BRIGGERMAN*
JOHN D. CONNER*
JOHN D. CONNER, JR.*
EDMOND H. CONNOR†
BOHDAN DANYLIW*
JOHN F. DAVIS†
C. STANLEY DEES*
RONALD J. DeFELICE†
LAWRENCE S. EDNER*
AUDRE L. ENGLEMAN
LAWRENCE H. FARRELL*
HERBERT L. FENSTER*
RICHARD A. FINK
PAUL FITTING
D. MICHAEL FITZHUGH*
RICHARD A. FLYE*
TERRY A. FRALICH†
G. HOWDEN FRASER†
JOSEPH GABAI†
JAMES J. GALLAGHER
L. ANDREW GIFFORD†
DAVID J. GRANT†
ALLEN B. GREEN*
ROBERT E. GREGG*
MICHAEL R. GRZANKA†
E. SANDERSON HOE*
JOE G. HOLLINGSWORTH*
TERRY O. KELLY
BERNARD KOLSON
MARTIN H. KREEGER†
EDWIN N. LOWE†
ROBERT A. MANGRUM*
ELLEN R. MARSHALL
MICHAEL A. McANDREWS
ORVILLE W. McCARROLL
WILLIAM F. McKENNA†
LANE L. McVEY*
CHARLES G. MILLER†
CHARLES A. O'CONNOR, III*
JOHN S. PACHTER*
AARON M. PECK†
RAYMOND S. E. PUSHKAR*
NORMAN N. RAIDEN
DOUGLAS M. RAWLINGS†
MICHAEL ROSTER
MARTIN S. SCHWARTZ†
I. BRUCE SPEISER†
WILLIAM J. SPRIGGS*
JEFFREY E. STEINER†
JAMES R. WALTHER†
EDWARD L. WEIDENFELD*
KENNETH W. WEINSTEIN*
LEE J. WEINSTEIN
BUEL WHITE*
DANIEL H. WILLICK†
CHARLES E. YONKERS*

COUNSEL
EDWARD LASKER†
ALBERT L. REEVES*
ALBERT H. COLE*
MAX GOLDEN*†
RICHARD J. PERRY, JR.*†

LAW OFFICES
McKENNA, CONNER & CUNEO
1575 EYE STREET, N.W.
WASHINGTON, D.C. 20005
(202) 789-7500

CABLE ADDRESS: MCKENCONN WASHDC
TELEX (TWX) 710-822-0149
TELECOPIER (202) 789-7594

TWENTY-EIGHTH FLOOR
3435 WILSHIRE BOULEVARD
LOS ANGELES, CALIFORNIA 90010
(213) 739-9100

1900 MILLS TOWER
220 BUSH STREET
SAN FRANCISCO, CALIFORNIA 94104
(415) 433-0640

NINTH FLOOR
611 ANTON BOULEVARD
COSTA MESA, CALIFORNIA 92626
(714) 751-3600

SUSAN S. ARMSTRONG*
DAVID M. AXELRAD†
RAYMOND B. BIAGINI*
DAVID B. BROWN†
A. VICTOR BRUNI, JR.†
JESSE CASSO, JR.†
KENNETH A. CHEITLIN†
DAVID A. CHURCHILL*
HUGH R. COFFIN†
SCOTT P. COOPER†
JOHN A. COURY*
MARY C. DELANEY†
LELAND G. DRISIN
MAUREEN DUIGNAN*
KAREN E. EBEL*
GWEN J. EELLS†
T. MARK FLANAGAN, JR.*
THOMAS R. FILETI†
RONALD M. GRIFFITH†
BRUCE A. HIRONAKA†
ROBERT J. HORN†
STEVEN P. HOWARTH*
THOMAS W. HUSSEY*
ALLAN H. ICKOWITZ†
MICHAEL T. JANIK*
ROBERT J. KALER*
MICHAEL Y. KAVANAUGH
STEPHEN D. KNIGHT*
KENNETH E. KOHLER†
DOROTHY S. LAMBERT†
MICHAEL T. LAMBERT†
CHRISTINE M. LANGENFELD†
MICHELLE L. LAWSON†
DARRYL J. LEE
JOHN F. LEHR, JR.†
THOMAS A. LENNERD*
FREDERIC M. LEVY*
ROBERT M. LINDQUIST*
GARY P. LONG†
JOSEPH T. LYNYAK, III
STANLEY D. MASSITT†
JUDITH E. McCAFFREY*
C. STEVEN McMURRY†
MONA D. MILLER†
SUSAN A. MITCHELL†
STEVEN C. NOCK†
RICHARD B. OLIVER*
ANTHONY N. PALLADINO*
THOMAS C. PAPSON*
BARBARA A. POTASHNICK†
ARTHUR F. SILBERGELD†
SABRINA A. STANLEY*
MARTIN E. STEERE†
DEL STILTHER*
JERRY STOUCK*
BONNIE A. SULLIVAN*
C. BRUCE TEETER†
JEFFREY A. TISDALE†
STEPHANIE TSACOUMIS*
CURTIS ULLMAN†
CHRISTIAN VOLZ*
CHARLES E. WASHBURN, JR.†
ROBERT M. WAXMAN†
BRYAN B. WHITE†
LOUISE F. WISE*
RENIE YOSHIDA†
DEAN J. ZIPSER†

*NOT ADMITTED IN CALIFORNIA
†NOT ADMITTED IN D.C.
*PARTNER EMERITUS

WRITER'S DIRECT DIAL NUMBER
(202) 789- 7640

September 20, 1982

Kenneth A. Gross, Esq.
Associate General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, DC 20463

Re: MUR 1360

Dear Mr. Gross:

Enclosed please find a check in the amount of $200.00 drawn on the Reagan-Bush Compliance Fund in payment of the civil penalty assessed against Peter Hon under his MUR 1360 conciliation agreement. This check replaces the $200.00 check originally forwarded to the FEC for the penalty assessed against Mr. Hon which was drawn on the Reagan for President Committee's operating account.

The Reagan for President Committee also is taking appropriate steps to transfer $788.00 from the Reagan-Bush Compliance Fund to the Reagan for President operating account as a reimbursement for the amount of civil penalties assessed pursuant to the provisions of MUR 1142/1255 conciliation agreements of North Hollywood Glass Company and Messrs. Green and Hardy which were paid from the operating account.

SEP 22 A7:54

RECEIVED AT THE FEC

82 SEP 22 P12: [illegible]

Your cooperation in the indentification and resolution of the problem is appreciated greatly.

Sincerely,

Edward L. Weidenfeld

mh

Enclosure

3 3 0 4 0 6 9 0 6 0 0

83040380606

REAGAN FOR PRESIDENT
COMPLIANCE FUND
P.O. BOX 4207
ARLINGTON, VIRGINIA 22204

1713

15-3/540

Sept 9 1982

PAY TO THE ORDER OF U.S. TREASURER $200.00

TWO HUNDRED AND 00/100 DOLLARS

The RIGGS NATIONAL BANK
of WASHINGTON D.C.
MAIN OFFICE
1503 PENNSYLVANIA AVENUE, N.W.

FOR FEC PENALTY - PETER HON

Scott Thomas

⑈001713⑈ ⑆054000030⑆ 01⑈0836834⑈

RUDCO 001

ELW
LAW OFFICES
McKENNA, CONNER & CUNEO
1575 EYE STREET, N.W.
WASHINGTON, D.C. 20005

RECEIVED AT THE FEC
82 SEP 22 P12:23

WASHINGTON
SEP 21 '82
D.C.

30480697

Kenneth A. Gross, Esq.
Associate General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, DC 20463

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 10, 1982

Edward Weidenfeld
McKenna, Conner, and Cuneo
1575 Eye Street, N.W.
Washington, D.C. 20005

Re: MUR 1360

Dear Mr. Weidenfeld:

On September 9, 1982, the Commission accepted the conciliation agreements signed by you on behalf of your clients, Peter Hon and Tommy Thomas Chevrolet Co., Inc., in settlement of a violation of 2 U.S.C. § 441a(a)(1)(A) and 2 U.S.C. § 441b(a), respectively. Accordingly, the file in this matter, as it pertains to Tommy Thomas Chevrolet Co., Inc., has been closed, and it will become public within 30 days after this matter has been closed with respect to all other respondents involved. The file with respect to Peter Hon will be closed upon the receipt of the civil penalty, and you will be so notified. The Commission reminds your clients, 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 also notify you when the entire file has been closed.

Should you wish to submit any materials to appear on the public record concerning your client, please do so within ten days. For your information, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission.

8304010605

Enclosed you will find copies of the final conciliation agreements for your files. If you have any questions, please contact Maura White at 523-4057.

Sincerely,

Charles N. Steele
General Counsel

Kenneth A. Gross -by SET

By: Kenneth A. Gross
Associate General Counsel

Enclosures
Conciliation Agreements (2)

8304058060 9

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Peter Hon	)	MUR 1360

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission (hereinafter "the Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. Probable cause to believe has been found that Peter Hon ("Respondent") violated 2 U.S.C. § 441a(a)(1)(A) by contributing to the Reagan for President Committee in excess of the contribution limitations.

NOW, THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. § 437g (a)(4)(A)(i) do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent, and the subject matter of this proceeding.

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this Agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Respondent contributed $3,000 to the Reagan for President Committee on October 3, 1979.

8304061 5

2. The Reagan for President Committee refunded $2,000 to the Respondent on April 29, 1981.

V. Section 441a(a)(1)(A) of Title 2, United States Code, prohibits single or aggregated contributions in excess of $1,000 from any person to any candidate or authorized committee of that candidate with respect to any election to federal office.

VI. By making the contribution referred to above, the Commission found that the Respondent violated 2 U.S.C. § 441a(a)(1)(A). Respondent contends that if any violation occurred, it was inadvertent and unintentional.

VII. Respondent will now, and in the future, comply with the contribution limitations set forth at 2 U.S.C. § 441a(a)(1)(A).

VIII. A civil penalty will be paid to the Treasurer of the United States in the amount of Two Hundred Dollars ($200), pursuant to 2 U.S.C. § 437g(a)(5)(A).

IX. GENERAL CONDITIONS

A. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

3 0 4 0 6 1 1

B. Respondent shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

C. It is further agreed that this agreement, unless violated, shall constitute a complete bar to any further action by the Commission with regard to the facts set forth in this agreement.

D. It is mutually agreed that this agreement will become effective on the date that all parties hereto have executed same and the Commission has approved the entire agreement.

Charles N. Steele
General Counsel

September 9, 1982
Date

BY: Kenneth A Gross - by KT
Kenneth A. Gross
Associate General Counsel

Date

Edward Weidenfeld
Counsel for Peter Hon

8304080611

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Tommy Thomas Chevrolet Co., Inc.	)	MUR 1360

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission (hereinafter "the Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. Probable cause to believe has been found that Tommy Thomas Chevrolet Co., Inc. ("Respondent") violated 2 U.S.C. § 441b(a) by contributing $9,466.60 to the Reagan for President Committee ("Committee").

NOW, THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. § 437g(a)(4)(A)(i) do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent, and the subject matter of this proceeding.

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this Agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. The Respondent is an incorporated entity and an automobile dealership.

3 3 0 4 0 9 6 1 2

2. Luther E. Thomas, the sole stockholder of the Respondent, was the Florida State Chairman for the Reagan for President Committee ("Committee") during 1979 and 1980.

3. Luther E. Thomas incurred expenses totalling $9,466.60 on behalf of the Committee during the period of April 3, 1979, through August 26, 1980; the expenses were for such costs as hotels, airfare, telephones, meals, and car rentals.

4. The Respondent paid the bills incurred by Mr. Thomas, and sought reimbursement from the Committee in the amount of $9,466.60 on September 30, 1980, by submitting an invoice which documented its payments.

5. On February 12, 1981, the Committee reported an expenditure to Tommy Thomas in the amount of $9,180.29 for "travel expense reimbursement."

V. Section 441b(a) of Title 2, United States Code, prohibits any corporation from making a contribution or expenditure in connection with any election to federal office.

VI. By paying the expenses totalling $9,466.60 which were incurred by Mr. Thomas on behalf of the Committee, the Commission found that the Respondent made an impermissible contribution to the Committee and hence violated 2 U.S.C. § 441b(a).

VII. Respondent contends that it did not make a contribution to the Committee, but rather Luther E. Thomas incurred the expenses as an agent of the Committee and reimbursement was made on that basis. Respondent further contends that if any violation occurred, it was inadvertent and unintentional.

3 3 0 4 0 3 8 0 6 1 4

VIII. A civil penalty will be paid to the Treasurer of the United States in the amount of Nine Hundred, Forty-six dollars ($946), pursuant to 2 U.S.C. § 437g(a)(5)(A).

IX. Respondent will now, and in the future, comply with the provisions of 2 U.S.C. § 441b(a).

X. GENERAL CONDITIONS

A. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement of any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

B. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

C. Respondent shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

D. It is further agreed that this agreement, unless violated, shall constitute a complete bar to any further action

3 3 0 4 3 0 6 1 5

by the Commission with regard to the facts set forth in this agreement.

Charles N. Steele
General Counsel

September 9, 1982
Date

BY: Kenneth A. Gross - by BT
Kenneth A. Gross
Associate General Counsel

Date

Edward Weidenfeld
Counsel for Tommy Thomas
Chevrolet Co., Inc.

8310061

REAGAN FOR PRESIDENT
COMPLIANCE FUND
P.O. BOX 4207
ARLINGTON, VIRGINIA 22204

1704

15-3/540

JULY 22 1982

PAY TO THE ORDER OF U.S. TREASURER $ 946.00

—RF— 946 DOLS 00 CTS DOLLARS

The RIGGS NATIONAL BANK
of WASHINGTON D.C.
MAIN OFFICE
1503 PENNSYLVANIA AVENUE, N.W.

FOR CIVIL PENALTY -- Tommy Thomas

⑈001704⑈ ⑆054000030⑆ 01⑈0836834⑈

RUDCO 001

8304038061 7

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1360
Peter Hon	)	
Tommy Thomas Chevrolet Co., Inc.	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on September 9, 1982, the Commission decided by a vote of 5-0 to take the following actions in MUR 1360:

1. Approve the conciliation agreements with Peter Hon and Tommy Thomas Chevrolet Co., Inc. as submitted with the September 3, 1982 Memorandum to the Commission.

2. Close the file with respect to Tommy Thomas Chevrolet Co., Inc.

3. Authorize the sending of the letter as attached to the Memorandum to the Commission dated September 3, 1982.

Commissioners Aikens, Elliott, Harris, McDonald and McGarry voted affirmatively in this matter: Commissioner Reiche did not cast a vote.

Attest:

9-9-82
Date

Marjorie W. Emmons
Secretary of the Commission

Received in Office of Commission Secretary: 9-3-82, 4:45
Circulated on 48 hour tally basis: 9-7-82, 11:00

3040680619

2[illegible]605 GCC#8378

MUSICK, PEELER & GARRETT
A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
SUITE 1175 RING BUILDING
1200 EIGHTEENTH STREET N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 775-1427

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ONE WILSHIRE BOULEVARD
LOS ANGELES, CALIFORNIA
(213) 629-7600

NEWPORT BEACH OFFICE
SUITE 900
4000 MACARTHUR BOULEVARD
NEWPORT BEACH, CALIFORNIA
(714) 752-6100

ELVON MUSICK 1890-1968
LEROY A. GARRETT 1908-1963

DENVER OFFICE
SUITE 1500
718 SEVENTEENTH STREET
DENVER, COLORADO
(303) 825-5721

WRITER'S DIRECT DIAL NUMBER

August 31, 1982

12 SEP 1 P4:08

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

Attention: Ms. Maura White

Re: MUR 1360

Dear Ms. White:

Enclosed please find a copy of confirmation form executed by Virginia Payson and Charles S. Payson verifying that $500 of the $1,500 contribution received by the Reagan for President Committee from Charles S. Payson was to have been attributed to his wife, Virginia Payson.

Sincerely,

Ronald E. Robertson
for Musick, Peeler & Garrett

RER:nb
Enclosure

This is to verify that the contribution to the Reagan-Bush Committee in the amount of $1,500.00 is in fact two individual contributions from the following contributors.

Name:	Charles S. Payson	Amount:	$1,000.00
Address:	Box 278		
City:	Hobe Sound		
State:	Florida 33455		

Name:	Virginia Payson	Amount:	$500.00
Address:	Box 278		
City:	Hobe Sound		
State:	Florida 33455		

Signature: Date:

Virginia Payson 25/8/82

Charles S. Payson

83040380620

MUSICK, PEELER & GARRETT
A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
SUITE 1175 RING BUILDING
1200 EIGHTEENTH STREET, N.W.
WASHINGTON, D.C. 20036

8310680

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

Attention: Ms. Maura White

202380

RECEIVED

FEC #8252

82 AUG 11 AM : 45

MUSICK, PEELER & GARRETT

A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

SUITE 1175 RING BUILDING

1200 EIGHTEENTH STREET N.W.

WASHINGTON, D.C. 20036

TELEPHONE (202) 775-1427

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LOS ANGELES, CALIFORNIA

(213) 629-7600

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SUITE 900

4000 MACARTHUR BOULEVARD

NEWPORT BEACH, CALIFORNIA

(714) 752 6100

ELVON MUSICK 1890-1968

LEROY A. GARRETT 1906-1963

DENVER OFFICE

SUITE 1500

718 SEVENTEENTH STREET

DENVER, COLORADO

(303) 825-5721

WRITER'S DIRECT DIAL NUMBER

August 9, 1982

Charles N. Steele
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463
Attention: Ms. Maura White

Re: MUR 1360

Dear Ms. White:

Enclosed please find a copy of confirmation form executed by Barbara Dresslar Parker verifying that $160 of the $1,160 contribution received by the Reagan for President Committee from C. Scott Parker was to have been attributed to his wife, Barbara Dresslar Parker.

Sincerely,

Ronald E. Robertson

Ronald E. Robertson
for Musick, Peeler & Garrett

RER:nb
Enclosure

2 AUG 12 PM 2:11

This is to verify that the contribution to the Reagan for President Committee in the amount of $1,160.00 is in fact two individual contributions from the following contributors.

Name: C. Scott Parker
Address: Post Office Box 407
City: Liberty
State: Texas 77575
Amount: $1,000.00

C. Scott Parker 8/3/82

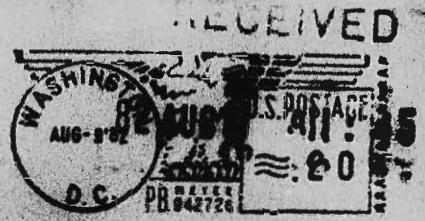
Name: Barbara Dresslar Parker
Address: Post Office Box 407
City: Liberty
State: Texas 77575
Amount: $160.00

Signature: Barbara Dresslar Parker
Date: 8/3/82

3304038062?

MUSICK, PEELER & GARRETT
LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
SUITE 1175 RING BUILDING
1200 EIGHTEENTH STREET, N.W.
WASHINGTON, D.C. 20036

RECEIVED



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

Attention: Ms. Maura White

8914035802

Ccc# 8207

MUSICK, PEELER & GARRETT
A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
SUITE 1175 RING BUILDING
1200 EIGHTEENTH STREET N.W.
WASHINGTON, D.C. 20036
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NEWPORT BEACH, CALIFORNIA
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LEROY A. GARRETT 1906-1963

DENVER OFFICE
SUITE 1800
718 SEVENTEENTH STREET
DENVER, COLORADO
(303) 825-5721

WRITER'S DIRECT DIAL NUMBER

FEC 82 JUL 29 P1:27

July 28, 1982

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

Attention: Maura White, Esq.
Federal Election Commission Attorney

Dear Ms. White:

Enclosed please find copies of the refund letter and check which we sent on this date on behalf of the Reagan for President Committee refunding the excess portion of the contribution of the following contributors:

Mr. Arthur Herez	$100.00
Mr. James H. Pulman, Sr.	$50.00

According to our records all refunds of excess contributions required to be made to the contributors referenced in MUR 1360 have been completed and all supporting documentation has been provided to the FEC.

Also enclosed please find copies of John Duffy's letters requesting further documentation of the apportionments for C. S. Parker and C. Payson, which upon receipt will, according to our records, complete the documentation with respect to all MUR 1360 apportionments.

If you have any questions concerning these matters please give me a call.

Yours truly,

Ronald E. Robertson
for Musick, Peeler & Garrett

RER:nb
Enclosures

MUSICK, PEELER & GARRETT
A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
SUITE 1175 RING BUILDING
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WASHINGTON, D.C. 20036
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4000 MACARTHUR BOULEVARD
NEWPORT BEACH, CALIFORNIA
(714) 752-6100

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LEROY A. GARRETT 1906-1963

DENVER OFFICE
SUITE 1500
718 SEVENTEENTH STREET
DENVER, COLORADO
(303) 825-8721

WRITER'S DIRECT DIAL NUMBER

July 28, 1982

Mr. Arthur Herez
1960 Chalmers
Ann Arbor, Michigan 48104

Dear Mr. Herez:

The undersigned has been retained as counsel by the Reagan for President Committee to conclude all post-election legal and audit matters looking toward a termination of the Committee's reporting requirements under the Federal Election Campaign Act of 1971, as amended.

During the course of a recent audit by the Federal Election Commission it was determined that you personally contributed a total of $1,100.00 to the Reagan for President Committee during the primary campaign. In accordance with Federal law, we are required to refund $100.00 to you which is the portion of your contribution in excess of the individual contribution limitation. Please find the Committee's check for that amount enclosed.

On behalf of the Committee, we again thank you for your generosity and loyal support during the campaign.

If you have any questions concerning this matter, please feel free to call me collect.

Sincerely yours,

Ronald E. Robertson
for Musick, Peeler & Garrett

RER:nb
Enclosure

8304038026

REAGAN FOR PRESIDENT
300 FIRST STREET, S
WASHINGTON, D.C. 20003

2040

15-3/540

JULY 22 1982

PAY TO THE ORDER OF ARTHUR HERCZ $ 100.00

ONE HUNDRED 00/100 DOLLARS

The RIGGS NATIONAL BANK
of WASHINGTON D.C.
MAIN OFFICE
1503 PENNSYLVANIA AVENUE, NW.

FOR CONTRIBUTION REFUND

Ronald Reagan

"002040" :054000030: 01"0833911 3"

8304038067

MUSICK, PEELER & GARRETT
A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
SUITE 1175 RING BUILDING
1200 EIGHTEENTH STREET N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 775-1427

LOS ANGELES OFFICE
ONE WILSHIRE BOULEVARD
LOS ANGELES, CALIFORNIA
(213) 629-7600

NEWPORT BEACH OFFICE
SUITE 900
4000 MACARTHUR BOULEVARD
NEWPORT BEACH, CALIFORNIA
(714) 752-6100

ELVON MUSICK 1890-1968
LEROY A. GARRETT 1909-1983

DENVER OFFICE
SUITE 1500
718 SEVENTEENTH STREET
DENVER, COLORADO
(303) 825-5721

WRITER'S DIRECT DIAL NUMBER

July 28, 1982

Mr. James H. Pullman, Sr.
Box 656
Sidney, Iowa 51652

Dear Mr. Pullman:

The undersigned has been retained as counsel by the Reagan for President Committee to conclude all post-election legal and audit matters looking toward a termination of the Committee's reporting requirements under the Federal Election Campaign Act of 1971, as amended.

During the course of a recent audit by the Federal Election Commission, it was determined that you personally contributed a total of $1,050.00 to the Reagan for President Committee during the primary campaign. In accordance with Federal law, we are required to refund $50.00 to you which is the portion of your contribution in excess of the individual contribution limitation. Please find the Committee's check for that amount enclosed.

On behalf of the Committee, we again thank you for your generosity and loyal support during the campaign.

If you have any questions concerning this matter, please feel free to call me collect.

Sincerely yours,

Ronald E. Robertson
for Musick, Peeler & Garrett

RER:nb
Enclosure

8304018062

REAGAN FOR PRESIDENT
300 FIRST STREET, S.E.
WASHINGTON, D.C. [illegible]3

2041

16-3/540

JULY 22 1982

PAY TO THE ORDER OF JAMES H. PULLMAN, SR $50.00

FIFTY 50 DOLS 00 CTS DOLLARS

The RIGGS NATIONAL BANK
of WASHINGTON D.C.
MAIN OFFICE
1503 PENNSYLVANIA AVENUE, N.W.

FOR CONTRIBUTION REFUND

Scott Wheeler Jr

⑈002041⑈ ⑆054000030⑆ 01⑈0833911 3⑈

830405806 29

Pierson, Ball & Dowd
1000 Ring Building
1200 18th Street, N.W.
Washington, D. C. 20036
TEL. (202) 331-8566
CABLE ADDRESS "PIERBALL"

OKLAHOMA OFFICE
CITY NATIONAL BANK TOWER
SUITE 750
OKLAHOMA CITY, OKLA. 73102
TEL. (405) 235-7686

July 28, 1982

Mr. C. Scott Parker
Post Office Box 407
Liberty, Texas 77575

Dear Mr. Parker:

We have been retained to assist the Reagan for President Committee with its post-election audit, looking toward a termination of its reporting requirements under the Federal Election Campaign Act of 1971, as amended.

The Committee's records show that during the primary campaign you sent the Committee checks in the amount of $1,160.00. In accordance with Federal law, $160.00 was refunded as in excess of the individual contribution limitation. You returned that check with a letter which indicated that the $160.00 was a contribution from your wife, Barbara Dresslar Parker. The Committee's reports were corrected to reflect this change, and a copy of your letter was submitted to the Federal Election Commission.

During the course of the Commission's recent audit, however, the Commission requested that we obtain your wife's signature to support the allocation of the $160.00 contribution to her. In order to resolve this matter, we would greatly appreciate your wife signing the enclosed form, verifying her intent to make a separate contribution.

On behalf of the Committee, we again thank you for your generosity and support during the campaign and your cooperation during our post-campaign compliance effort.

If you have any questions concerning this matter, please call me collect.

Sincerely,

PIERSON, BALL & DOWD

John J. Duffy

Enclosure

8304580630

This is to verify that the contribution to the Reagan for President Committee in the amount of $1,160.00 is in fact two individual contributions from the following contributors.

Name:	C. Scott Parker	Amount:	$1,000.00
Address:	Post Office Box 407		
City:	Liberty		
State:	Texas 77575		

Name:	Barbara Dresslar Parker	Amount:	$160.00
Address:	Post Office Box 407		
City:	Liberty		
State:	Texas 77575		

Signature: Date:

83040380631

W THEODORE PIERSON
HAROLD DAVID COHEN
WILLIAM F WETMORE, JR
WILLIAM A. GROGHEGAN
HENRY O. BEAUREGARD
PETER D O'CONNELL
VIRGINIA LEE RILEY
W THEODORE PIERSON JR
JAMES J. FREEMAN
BRIAN A JOHNSON
FREDERIC T. SPINDEL
GORDON W MATHEWAY, JR
MARK J. TAUBER
JOHN J. DUFFY
R. N. DUNAGAN III
MICHAEL MINNIS
JOEL M. HAMME
JUDITH L. HARRIS
BENJAMIN F. P. IVINS
LINDA A. SCHNEIDER
EUGENE TILLMAN
JOHN A. RITCHIE
JAMES M. SMITH
RANDY ALAN WEISS
JUDITH ST. LEDGER-ROTY
DAVID L. MARKELL
ANTHONY W. PARKER
MICHAEL E. DeBOW

HARRISON T. SLAUGHTER
DEAN BURCH
ROBERT B. YORTY
WILLIAM O. BITTMAN
DAVID MACHANIC
WILLIAM S. GREEN
J. LAURENT SCHARFF
STEPHEN B. CLARKSON
THOMAS C. FOX
WILLIAM H. FITZ
STEPHAN E. LAWTON
GEORGE R. CLARK
JOHN R. ERICKSON
PHILIP L. VERVEER
RICHARD M. SINGER
NORMAN L. EULE
CARYL A. POTTER, III
JACK N. GOODMAN
ELIZABETH B. CARDER
KARL W. SONNEMAN
MARNIE K. SARVER
GERTRUDE J. WHITE
SUE D. BLUMENFELD
JOHN L. McGREW
KATHY A. GRANT*
N. BETH EMERY
MITCHELL H. SEGAL
KEVIN R. BARRY

OF COUNSEL
CHARLES E. WIGGINS

*NOT A MEMBER OF D.C. BAR

Pierson, Ball & Dowd
1000 Ring Building
1200 18th Street, N.W.
Washington, D.C. 20036

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OKLAHOMA OFFICE
FIRST OKLAHOMA TOWER
SUITE 1310
210 W. PARK AVENUE
OKLAHOMA CITY, OKLA. 73102
TEL. (405) 235-7686

COUNSEL
THOMAS N. DOWD
ROBERT B. HANKINS

LOWELL J. BRADFORD
RETIRED 1980

July 28, 1982

Mr. Charles S. Payson
Box 278
Hobe Sound, Florida 33455

8304063

Dear Mr. Payson:

Our law firm has been retained to assist the Reagan-Bush Committee during its post-election audit and, particularly, in completing its reporting requirements under the Federal Election Campaign Act of 1971, as amended.

The Committee's records indicate that you made two contributions during the primary campaign of $1,000.00 each. On the second contribution check you indicated that it was to be treated as a joint contribution from you and Mrs. Payson. Consequently, the Committee subsequently amended its reports to show a $500.00 contribution from your wife, and refunded the remaining $500.00 in August, 1980, in order to comply with the $1,000.00 limitations on individual contributions. In addition, copies of your contribution checks and the refund check were later submitted to the Federal Election Commission.

Nevertheless, during the course of the Commission's audit of the Reagan-Bush Committee, the Commission requested additional documentation that your $1,500.00 total contribution was intended as a joint contribution from you and Mrs. Payson. In order to comply with their request, we would greatly appreciate it if you and your wife would sign the enclosed form, thereby verifying your intent to make separate contributions.

On behalf of the Committee, we thank you for your generosity and support during the campaign and for your cooperation in this post-campaign compliance effort.

Sincerely,

PIERSON, BALL & DOWD

John J. Duffy

JJD:dh
Enclosure

83040380633

This is to verify that the contribution to the Reagan-Bush Committee in the amount of $1,500.00 is in fact two individual contributions from the following contributors.

Name: Charles S. Payson
Address: Box 278
City: Hobe Sound
State: Florida 33455

Amount: $1,000.00

Name: Virginia Payson
Address: Box 278
City: Hobe Sound
State: Florida 33455

Amount: $500.00

Signature:

Date:

83040380634

W THEODORE PIERSON
HAROLD DAVID COHEN
WILLIAM F WETHORE, JR
WILLIAM A. GEOGHEGAN
HENRY G BEAUREGARD
PETER D O'CONNELL
VIRGINIA LEE RILEY
W THEODORE PIERSON JR
JAMES J. FREEMAN
BRIAN A. JOHNSON
FREDERIC T. SPINDEL
GORDON W HATHEWAY, JR
MARK J. TAUBER
JOHN J. DUFFY
R N. DUNAGAN III
MICHAEL MINNIS
JOEL M. HAMME
JUDITH L. HARRIS
BENJAMIN F. P. IVINS
LINDA A. SCHNEIDER
EUGENE TILLMAN
JOHN A. RITCHIE
JAMES M. SMITH
RANDY ALAN WEISS
JUDITH ST. LEDGER-ROTY
DAVID L. MARKELL
ANTHONY W. PARKER
MICHAEL E. DeBOW

HARRISON T SLAUGHTER
DEAN BURCH
ROBERT B. YORTY
WILLIAM O. BITTMAN
DAVID MACHANIC
WILLIAM S GREEN
J. LAURENT SCHARFF
STEPHEN B. CLARKSON
THOMAS C. FOX
WILLIAM H. FITZ
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NORMAN L. EULE
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KARL W. SONNEMAN
HARNIE K. SARVER
GERTRUDE J. WHITE
SUE D. BLUMENFELD
JOHN L. McGREW
KATHY A. GRANT *
N. BETH EMERY
MITCHELL H. SEGAL
KEVIN R. BARRY

OF COUNSEL
CHARLES E. WIGGINS

*NOT A MEMBER OF D. C. BAR

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1200 18th Street, N.W.
Washington, D. C. 20036

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OKLAHOMA CITY, OKLA. 73102
TEL. (405) 235-7686

COUNSEL
THOMAS N. DOWD
ROBERT B. HANKINS

LOWELL J. BRADFORD
RETIRED 1980

July 28, 1982

Mr. Lester Deutsch
715 N. Palm Drive
Beverly Hills, CA 90210

Dear Mr. Deutsch:

We have been retained to assist the Reagan-Bush Committee with its post-election audit, looking toward a termination of its reporting requirements under the Federal Election Campaign Act of 1971, as amended.

The Committee's records show that during the primary campaign you sent the Committee a check in the amount of $2,000.00. In response to a Committee inquiry, you indicated in writing that $1,000.00 of that contribution was to be attributed to your wife, Betty Deutsch. The Committee's reports were corrected to reflect this change, and a copy of the verification form, signed by you, was submitted to the Federal Election Commission.

During the course of the Commission's recent audit, however, the Commission requested that we obtain your wife's signature to support the allocation of the $1,000.00 contribution to her. In order to resolve this matter, we would greatly appreciate your wife signing the enclosed form, verifying her intent to make a separate contribution.

On behalf of the Committee, we again thank you for your generosity and support during the campaign and your cooperation during our post-campaign compliance effort.

8304038065

If you have any questions concerning this matter, please call me collect.

Sincerely,

PIERSON, BALL & DOWD

John J. Duffy

JJD:dh
Enclosure

8304030806 36

This is to verify that the contribution to the Reagan-Bush Committee in the amount of $2,000.00 is in fact two individual contributions from the following contributors.

Name: Lester Deutsch
Address: 715 N. Palm Drive
City: Beverly Hills
State: California 90210

Amount: $1,000.00

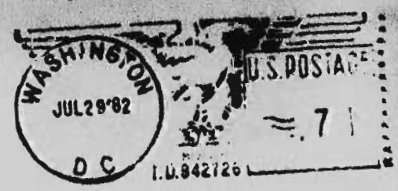
Name: Betty Deutsch
Address: 715 N. Palm Drive
City: Beverly Hills
State: California 90210

Amount: $1,000.00

Signature:

Date:

83040380637



FIRST CLASS MAIL

FROM • •

Law Offices
MUSICK, PEELER & GARRETT
1200 Eighteenth Street, N.W., Suite 1175 Washington, D.C. 20036

TO • •

Mrs. Maura White
Federal Election Commission
1325 K Street, N.W.
Washington, D.C.

82 JUL 2 A9:55

MUR 1360 RECEIVED
GCC #8162
82 JUL 26 P1:48

W. THEODORE PIERSON
HAROLD DAVID COHEN
WILLIAM F. WETMORE, JR.
WILLIAM A. GEOGHEGAN
HENRY G. BEAUREGARD
PETER D. O'CONNELL
VIRGINIA LEE RILEY
W. THEODORE PIERSON, JR.
JAMES J. FREEMAN
BRIAN A. JOHNSON
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GORDON W. HATHEWAY, JR.
MARK J. TAUBER
JOHN J. DUFFY
R. N. DUNAGAN III
MICHAEL MINNIS
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CHARLES E. WIGGINS

*NOT A MEMBER OF D. C. BAR

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TULSA OFFICE
SUITE 910
210 W. PARK AVENUE
OKLAHOMA CITY, OKLA. 73102
TEL. (405) 235-7686

COUNSEL
THOMAS N. DOWD
ROBERT B. HANKINS

LOWELL J. BRADFORD
RETIRED 1980

JUL 26 P2:21

July 21, 1982

Ms. Maura White
Office of the General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C.

Dear Ms. White:

I have enclosed a copy of all the documentation which we have compiled to date with respect to the reimbursement of expenses incurred by Kye Trout, Jr. on behalf of the North Dakota Division of the Reagan for President Committee. It is our understanding that the only question the Commission has with respect to Mr. Trout is whether the $200 loan made by him to the Committee and recorded on the check register as a deposit on January 31, 1980, was ever refunded or reimbursed by the Committee.

The confusion as to the refund arises because the $200 was included in a lump sum reimbursement shown on the checking account summary, the check register and list of itemized expenditures as a refund to Mr. Trout for $873.73 on March 31, 1980, by check number 126. The list of itemized expenditures on which the refund is shown mentions various expenditures for which the reimbursement was issued but does not specifically indicate the $200 loan. We have enclosed, however, a hand-written summary prepared in conjunction with the issuance of check number 126 which explains the expenses for which the $873.73 refund was being made. This summary specifically lists the $200 loan made on January 31, 1981, as one of the expenditures for which Mr. Trout was being reimbursed.

2304036

We feel that this handwritten summary provides sufficient confirmation that the $200 was refunded to Mr. Trout. A copy of the refund check will only show the total reimbursement of $873.73. If the Commission still wishes to see a copy of this check, the Committee will make every effort possible to obtain it.

Please contact me if you have any further questions regarding this matter or require additional information.

Sincerely,

PIERSON, BALL & DOWD

John J. Duffy

JJD:nb
Enclsoures

3 3 0 4 0 3 8 0 6 4 3

STATEMENT OF YOUR ACCOUNT WITH

SEND INQUIRIES TO
DAKOTA NORTHWESTERN BANK
4TH STR[illegible] AND BROADWAY
P.O. BOX # 1528
BISMARCK, ND 58501 PHONE 222-5100

T0033
1469

ACCOUNT NUMBER 382-272

KYE TROUT, JR.

Report any differences in your checking account summary within 30 days

REAGAN FOR PRESIDENT
ND DIVISION
P O BOX 1376
BISMARCK ND 58501

14

Please use reverse side for any change of name or address and for balancing your account

CHECKING ACCOUNT SUMMARY FOR 02-27 THRU 03-31-80

OPENING BALANCE	+ DEPOSITS	+ INTEREST	- WITHDRAWALS AND CHECKS	- SERVICE CHARGE	= CLOSING BALANCE
1165.10	155.50		1127.15	.00	1595.45

INTEREST	INSURANCE	FINANCE CHARGE	+ PREVIOUS BALANCE	+ LOANS	- PAYMENTS AND CREDITS	= NEW BALANCE	APPROVED CREDIT	AVAILABLE CREDIT

RANGE OF BALANCES TO WHICH RATES APPLY	PERIODIC RATE(S)	CORRESPONDING ANNUAL PERCENTAGE RATE	FOR THIS BILLING CYCLE: AVERAGE DAILY BALANCE	DAYS	ANNUAL PERCENTAGE RATE
					%

Each AVERAGE DAILY BALANCE is the sum of that portion of the individual daily loan balances within the indicated range divided by the number of days in the billing cycle. To determine the amount of the FINANCE CHARGE, (i) multiply each average daily balance by the applicable periodic rate; (ii) multiply each of these results by the number of days in this billing cycle; (iii) add these products together.

**********CHECKING ACCOUNT TRANSACTIONS**********

DEPOSITS-

	DATE	AMOUNT
EFCSIT	02-20	500.00
EFCSIT	02-24	900.00
EFCSIT	02-25	157.50

ITEM	DATE	AMOUNT
12*	03-03	475.00
13	02-28	74.80
14*	02-29	120.63
15*	03-05	28.73
17*	03-05	32.76

ITEM	DATE	AMOUNT
118	03-05	147.25
119	03-04	14.53
120	03-10	10.00
121	03-12	48.41
122	03-10	75.00

DATE	BALANCE
02-27	1165.10
02-28	990.30
02-29	869.67
03-03	394.67
03-04	380.14
03-05	171.36
03-10	86.36
03-12	37.95
03-20	537.95
03-24	1437.95
03-25	1595.45

Loan payments received after normal business hours will be credited the following business day.

Payment of any amount in dispute is not required pending resolution of disputed amount.

NOTICE: see reverse side for important information.

382-272

REAGAN FOR PRESIDENT
ND DIVISION
P O BOX 1276
BISMARCK ND 58501

17

Please use reverse side for any change of name or address and for balancing your account

CHECKING ACCOUNT SUMMARY FOR 03-31 THRU 04-30-80

OPENING BALANCE	+ DEPOSITS	-	- WITHDRAWALS AND CHECKS	SERVICE CHARGE	= CLOSING BALANCE
159545	417196		334191	00	242550

INTEREST	INSURANCE	FINANCE CHARGE	PREVIOUS BALANCE	+ LOANS	- PAYMENTS AND CREDITS	= NEW BALANCE	APPROVED CREDIT	AVAILABLE CREDIT

RANGE OF BALANCES TO WHICH RATES APPLY	PERIODIC RATE(S)	CORresponding ANNUAL PERCENTAGE RATE	DAILY BALANCE CYCLE: AVERAGE DAILY BALANCES	DAYS	ANNUAL PERCENTAGE RATE
					%

Each AVERAGE DAILY BALANCE is the sum of the portion of the individual daily loan balances within the indicated range divided by the number of days in the billing cycle. To determine the amount of the FINANCE CHARGE, (i) multiply each average daily balance by the applicable periodic rate; (ii) multiply each of these results by the number of days in this billing cycle; (iii) add these products together.

**********CHECKING ACCOUNT TRANSACTIONS**********

-DEPOSITS-	DATE	AMOUNT
DEPOSIT	04-02	1700.00
DEPOSIT	04-18	1500.00
DEPOSIT	04-21	971.96

--------CHECKS--------			--------CHECKS--------			-----BALANCES----	
ITEM	DATE	AMOUNT	ITEM	DATE	AMOUNT	DATE	BALANCE
123	04-03	147.29	131	04-18	77.25	03-31	1595.45
124	04-04	475.00	133*	04-18	109.71	04-02	3295.45
125	04-07	45.18	134	04-24	179.85	04-03	2274.43
126	04-03	873.73	135	04-25	630.00	04-04	1799.43
127	04-14	500.00	136	04-28	126.40	04-07	1754.25
128	04-22	4.00	137	04-29	30.00	04-14	1254.25
130*	04-23	68.50	138	04-29	75.00	04-18	2567.29
						04-21	3539.25
						04-22	3535.25
						04-23	3466.75
						04-24	3286.90
						04-25	2656.90
						04-28	2530.50
						04-29	2425.50

Loan payments received after normal business hours will be credited the following business day.

Payment of any amount in dispute is not required pending resolution of disputed amount.

NOTICE: see reverse side for important information.

REAGAN for PRESIDENT

ITEMIZED EXPENDITURES

BANK: DAKOTA NORTHWESTERN BANK

PERIOD FROM: 1/30/80 TO 2/25/80

SUB-DIVISION: NORTH DAKOTA
(STATE)

Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
FLASH PRINTING 303 East Main Bismarck, ND 58501	Printing services (letters, notices, Press Releases etc.etc.)	01/30/80	228.34
WOODMANSEE'S P.O. Box 798 Bismarck, ND 58501	Office supplies, (stamp pad, paper clips, ink etc)	01/30/80	34.57
OLNEY'S P.O. Box 1792 Bismarck, ND 58501	Rent on Office Furniture (1/23/80-2/23/80) & typewriter (1/14/80-2/14/80)	01/30/80	244.89
KYE TROUT, JR. P.O. Box 1376 Bismarck, ND 58501	REFUND for initial deposit to open bank account	01/30/80	100.00
VETERANS MEMORIAL LIBRARY 520 Ave. A East Bismarck, ND 58501	1539 Xerox copies - lists to finance committee	01/31/80	15[illegible].90
JANNA TJADEN 127 W Kavaney Dr. Bismarck, ND 58501	Payroll payment (01/28/80-02/01/80) (to be refunded by Janna	01/31/80	157.50
TERRY HARRIS 1120 N 1st Bismarck, ND 58501	Transport furniture to the Bismarck RFP Headquarters	02/07/80	20.00
NED NASTROM MOTORS INC. 100 W. Broadway Bismarck, ND 58501	Office rent + utilities for February 1980	02/25/80	475.00
		SUBTOTAL of Expenditures This Page (optional)	$ 1,414.20

REAGAN FOR PRESIDENT
North Dakota Div.
CHECK REGISTER

CHECK NO.	DATE	PAYEE & DESCRIPTION	DEPOSIT	CHECK	BALANCE
	1980				
	01/15	From Kye Trout to open account	100.00		100.00
	01/16	RFP Headquarters	1,800.00		1,900.00
01 ✓	01/17	Warehouse Market Items for Open House		93.45	1,806.55
02 ✓	01/17	Ben Franklin Items for Open House		2.44	1,804.11
03 ✓	01/17	Super Valu Items for Open House		2.59	1,801.52
04 ✓	01/17	Services Unlimited Return address stamp		6.70	1,794.82
05 ✓	01/18	Dakota Maid Bakery 25 Doz. Cookies for Open House		20.00	1,774.82
101 ✓	01/25	Quality Printing 4 boxes @10 envelopes		38.73	1,736.09
102 ✓	01/25	U.S. Postoffice 3 rolls $15¢ stamps		225.00	1,511.09
103 ✓	01/30	Ned Nastrom Motors Inc. Dec. '78 & Jan. '79 Office rent + Util.		950.00	561.09
104 ✓	01/30	Flash Printing Printing		228.34	332.75
105 ✓	01/30	Woodmansee's Office Supplies 10.05 OFFICE SUPPLIES		34.57	298.18
106 ✓	01/30	Olney's 66.95 EQUIP RENTAL / 167.89 FURN RENTAL Off. supplies, & equip. & furn. rentals (SEE BACK OF CK # 106)		244.89	53.29
	01/30	Cash Deposit - refunds from open house	76.76		130.05
107	01/30	Kye Trout, Jr. Reimbursement for deposit to open account		100.00	30.05
	01/31	From Kye Trout - Loan	200.00		230.05
108 ✓	01/31	Veterans Memorian Library 1539 xerox copies - lists to fin.Comm.		153.90	76.15
109 ✓	01/31	Janna Tjaden Payroll Pymt #1 (01/28 - 02/01) (to be refunded by Janna)		157.50	(81.35)

C 3304 0 3 8 0 6 1 4

RECEIVED MAR 17 1980

REAGAN for PRESIDENT

ITEMIZED EXPENDITURES

BANK: DAKOTA NORTHWESTERN BANK

PERIOD FROM: 03/07/80 TO 04/09/80

SUB-DIVISION: NORTH DAKOTA
(STATE)

Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
QUALITY PRINTING Box 1274 2306 East Broadway Bismarck, ND 58501	5 boxes envelopes	03/07/80	48.41
U.S. Postoffice 3rd & Rosser Bismarck, ND 58501	1 roll $15¢ stamps	03/07/80	75.00
DAKOTA NORTHWESTERN BANK P.O. Box 1538 Bismarck, ND 58501	Check Printing charge		3.62
OLNEY'S P.O. Box 1792 Bismarck, ND 58501	Rent on Office Furniture (3/23/80-4/23/80) & Typewriter (3/14/80 - 4/14/80)	03/27/80	147.29
NED NASTROM MOTORS INC. 100 W. Broadway Bismarck, ND 58501	Office rent & utilities for March 1980	03/31/80	475.00
FLASH PRINTING 303 East Main Bismarck, ND 58501	Printing Services-letters & buff paper for 2nd sheets	03/31/80	45.18
KYE TROUT, JR. P.O. Box 1376 Bismarck, ND 58501	Refund for telephone calls, meeting room, office supplies, payroll etc.	03/31/80 Loan Mgr	673.23 ~~873.75~~ 200.00 OK
JOLLY TYME FAVORS 913 Payne Avenue St. Paul, MN 55101	Party favors for Ronald Reagan's personal appearance in Bismarck, ND April 17, 1980	04/09/80	500.00
SUBTOTAL of Expenditures This Page (optional)			$ 2,168.23

FP: Form 403 (3/12/79)

CHECK NO.	DATE	PAYEE & DESCRIPTION	DEPOSIT	CHECK	BALANCE
	3/27	Balance forwarded			$1,448.16
124	3/31	Ned Nastrom March '80 rent & Util.		475.00	973.16
125	3/31	Flash Printing Printing + Buff 2nd page paper		45.18	927.98
126	3/31	Kye Trout, Jr. Refund for various items from 12/21/79 through 3/31/80 ~~$200~~ repayment		873.73	54.25
	4/2	RFP Headquarters	1,700.00		1,754.25
127	4/9	Jolly Tyme Favors Party favors for Reagan's appearance in Bismarck 4/17/80		500.00	1,254.25
128	4/11	Veterans Memorial Library 40 xerox copies @$.10¢		4.00	1,250.25
129	4/11	Jolly Tyme Favors Balance on ch#127 - Party favors	VOID 4/30/80	---69.15	1,181.10
130	4/15	Schmidt Real Estate 685 xerox copies @$.10¢		68.50	1,112.60
131	4/15	Ned Nastrom 1545 xerox copies @$.05¢		77.25	1,035.35
132	4/15	Lynn Armstrong refund of postage & copies		28.19	1,007.16
133	4/16	Super Value Bakery 69 doz. cookies for Rep. Convention		109.71	897.45
	4/18	RFP Headquarters	1,500.00		2,397.45
	4/21	Proceeds from booths at Republican Convention Hats, flags, buttons etc.	971.96		3,369.41
134	4/21	Fargo Rubber Stamp Buttons for Republican Convention		179.85	3,189.56
135	4/21	Bus Service Inc. Charter Bus Service for RFP & Staff		630.00	2,559.56
136	4/21	Mitchell Tjaden Refund for hats & twine		126.40	2,433.16
137	4/22	North Dakota Republican Convention Booth rental for Rep. Convention		30.00	2,403.16

Kye Trout Refunds

12/21/79 Lynn Armstrong
Gross Payroll (incl. FICA-23.28) = 369.00
IT-25.80) =
Refunded Var. for X+ox
Copies - 50 @ 10¢ = 5.00
104.4
1/12/80 2 Secs - Rm 300
1/7 N W Bell Telephone
Calls made by Lynn
Armstrong while working
out of KT Office
42.
200.
1/31 Loan
2/4 STAMPS - 2 rolls - 15¢ 150.
3/31 Postage Stamps } News Release 90 15¢ Stamps } 1.8
CK. NO. 126 1.3
DATE 3-31-80 $873.
ACCT. ONB - RFP

0 4 0 3 8 0 6 1 7

KYE TROUT, JR. - OIL PRODUCER
PETROLEUM ENGINEER · GEOLOGIST
BOX 1376 PHONE: 701 255-1355
BISMARCK, NORTH DAKOTA 58501

DAKOTA NORTHWESTERN
BANK N.A.
BISMARCK, N. DAK. 58501

9049

77-33
913

PAY

TO THE ORDER OF

LYNN ARMSTRONG
1941 No. 11th, Apt. 2
Bismarck, N. D. 58501

DATE December 21, 1979
AMOUNT $324.92

KYE TROUT, JR.

By Kye Trout Jr

NOT NEGOTIABLE

:0913=0033: 083=1921=

KYE TROUT, JR. - OIL PRODUCER
BOX 1376 PHONE: 701 255-1355
BISMARCK, N. DAK. 58501

DELUXE - FORM TWV-3 V-2

9049

DATE	DESCRIPTION	AMOUNT
	0·00 C	
	Loan Lynn Armstrong	$324.92
	0·00 C	

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 19, 1982

Ward F. Cleary
Curtis, Brinckerhoff and Barrett
666 Summer Street
Stamford, Connecticut 06901

Re: MUR 1360
B.D. Gilbert

Dear Mr. Cleary:

On July 16, 1982, the Commission accepted the conciliation agreement signed by your client, B.D. Gilbert, in settlement of a violation of 2 U.S.C. § 441a(a)(1)(A). Accordingly, the file in this matter, as it pertains to your client, has been closed, and it will become public within 30 days after this matter has been closed with respect to all other respondents involved. 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.

Should you wish to submit any materials to appear on the public record, please do so within 10 days. In addition, as 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission, such information will not be made public unless you so request in writing.

8304038018

Enclosed you will find a copy of the final conciliation agreement for your files. If you have any questions please contact Maura White at 202-523-4057.

Sincerely,

Charles N: Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation Agreement

8304380619

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
B. D. Gilbert) MUR 1360

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission (hereinafter "the Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. Probable cause to believe has been found that B. D. Gilbert ("Respondent") violated 2 U.S.C. § 441a(a)(1)(A) by contributing to the Reagan for President Committee in excess of the contribution limitations.

NOW, THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. § 437g (a)(4)(A)(i) do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent, and the subject matter of this proceeding.

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this Agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Respondent contributed $1,000 and $2,000 to the Reagan for President Committee on October 19, 1979, and November 8, 1979, respectively.

8304080650

2. The Reagan for President Committee refunded $2,000 to the Respondent on October 16, 1980.

V. Section 441a(a)(1)(A) of Title 2, United States Code, prohibits single or aggregated contributions in excess of $1,000 from any person to any candidate or authorized committee of that candidate with respect to any election to federal office.

VI. By making the contributions referred to above, the Commission found that the Respondent violated 2 U.S.C. § 441a(a)(1)(A).

VII. Respondent will now, and in the future, comply with the contribution limitations set forth at 2 U.S.C. § 441a(a)(1)(A).

VIII. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of Two Hundred Dollars ($200), pursuant to 2 U.S.C. § 437g(a)(5)(A).

IX. **GENERAL CONDITIONS**

A. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

3040680631

B. Respondent shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

C. It is further agreed that this agreement, unless violated, shall constitute a complete bar to any further action by the Commission with regard to the facts set forth in this agreement.

D. It is mutually agreed that this agreement will become effective on the date that all parties hereto have executed same and the Commission has approved the entire agreement.

3304063

Charles N. Steele
General Counsel

July 19, 1982
Date

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

June 22 1982
Date

B. D. Gilbert
B. D. Gilbert

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 19, 1982

William Manning
110 Calle Alta
Orange, California 92669

Re: MUR 1360
William Manning

Dear Mr. Manning:

On July 16, 1982, the Commission accepted the conciliation agreement signed by you in settlement of a violation of 2 U.S.C. § 441a(a)(1)(A). Accordingly, the file in this matter, as it pertains to you, has been closed, and it will become public within 30 days after this matter has been closed with respect to all other respondents involved. 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.

Should you wish to submit any materials to appear on the public record, please do so within 10 days. In addition, as 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission, such information will not be made public unless you so request in writing.

8 3 0 4 0 6 3 5 3

Enclosed you will find a copy of the final conciliation agreement for your files. If you have any questions please contact Maura White at 202-523-4057.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation Agreement

8304038063

Gcc# 8007

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
William Manning	)	MUR 1360

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission (hereinafter "the Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. Probable cause to believe has been found that William Manning ("Respondent") violated 2 U.S.C. § 441a(a)(1)(A) by contributing to the Reagan for President Committee in excess of the contribution limitations.

NOW, THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. § 437g (a)(4)(A)(i) do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent, and the subject matter of this proceeding.

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this Agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Respondent contributed $1,000 and $1,200 to the Reagan for President Committee on August 23, 1979, and April 25, 1980, respectively.

8040806 5

2. The Reagan for President Committee refunded $1,200 to the Respondent on August 25, 1980.

V. Section 441a(a)(1)(A) of Title 2, United States Code, prohibits single or aggregated contributions in excess of $1,000 from any person to any candidate or authorized committee of that candidate with respect to any election to federal office.

VI. By making the contributions referred to above, the Commission found that the Respondent violated 2 U.S.C. § 441a(a)(1)(A).

VII. Respondent will now, and in the future, comply with the contribution limitations set forth at 2 U.S.C. § 441a(a)(1)(A).

VIII. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of One Hundred and Twenty Dollars ($120), pursuant to 2 U.S.C. § 437g(a)(5)(A).

IX. **GENERAL CONDITIONS**

A. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

8304030806

B. Respondent shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

C. It is further agreed that this agreement, unless violated, shall constitute a complete bar to any further action by the Commission with regard to the facts set forth in this agreement.

D. It is mutually agreed that this agreement will become effective on the date that all parties hereto have executed same and the Commission has approved the entire agreement.

8304080627

Charles N. Steele
General Counsel

July 19, 1982
Date

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

6-22-82
Date

William Manning
William Manning

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
B. D. Gilbert)
William Manning)

MUR 1360

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on July 16, 1982, the Commission decided by a vote of 6-0 to take the following actions in MUR 1360:

1. Approve the conciliation agreements as submitted with the July 14, 1982 Memorandum to the Commission.

2. Close the file with respect to Messrs. Gilbert and Manning.

3. Authorize the sending of the letters as attached to the Memorandum to the Commission dated July 14, 1982.

Commissioners Aikens, Harris, Elliott, McDonald, McGarry and Reiche voted affirmatively in this matter.

Attest:

7-19-82
Date

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

Received in Office of Commission Secretary: 7-14-82, 9:38
Circulated on 48 hour tally basis: 7-14-82, 4:00

8304038063

299

WILLIAM B. MANNING
BONNIE B. MANNING
110 CALLE ALTO 714/639-8162
ORANGE, CA 92669

16-351/1220

June 22 82

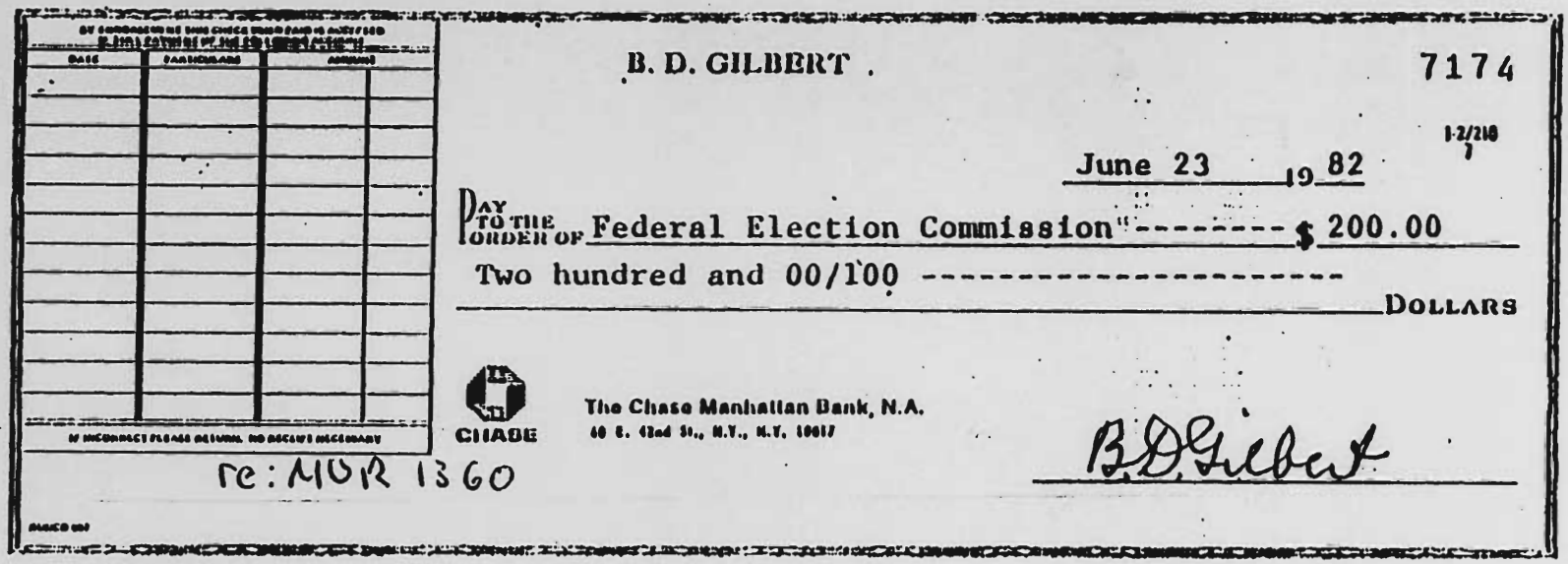
PAY TO THE ORDER OF Treasurer $ 120.00

One Hundred Twenty + 00/100 DOLLARS

ANAHEIM OFFICE
LLOYDS BANK CALIFORNIA
236 S. Euclid Ave., Anaheim, Ca 92802

William B Manning

⑈0400806⑆9



B. D. GILBERT

7174

1-2/210
7

June 23 19 82

PAY TO THE ORDER OF Federal Election Commission" -------- $ 200.00

Two hundred and 00/100 ----------

DOLLARS

CHASE

The Chase Manhattan Bank, N.A.
60 E. 42nd St., N.Y., N.Y. 10017

B.D.Gilbert

DATE | PAYEE/LOAN | AMOUNT

IF INCORRECT PLEASE RETURN, NO RECEIPT NECESSARY

re: MUR 1360

8 3 0 4 0 5 8 0 6 5 0

GCC # 8013

19 West Main Street
Evansville, Wis. 53536

June 24, 1982

2 JUN 28 AM 11:09

Mr. Charles N. Steele
General Counsel
Att. Kenneth A. Gross
Associate General Counsel

MUR 1360

Dear Mr. Gross:

8304040063

This letter with the Memorial Record may well be the final entry in the Warren Porter file.

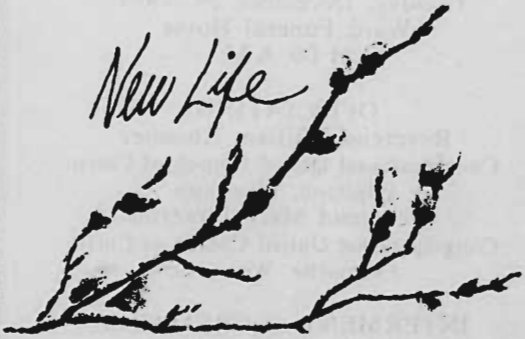
My husband
Warren Newman Porter
passed away
December 26, 1981
at age 97.

Sincerely
Mrs. Warren N. Porter

8 3 0 4 0 3 8 0 6 6 2

The funeral is the way our society provides for the death of one of its members. It is an occasion for showing our affection and respect for the deceased, for expressing our sympathy and concern and for participating in the experience of mutual sorrow.

Your presence at the funeral, in the company of other friends and neighbors, contributes to a fellowship of support extended to the family and relatives. They appreciate your personal attendance however inadequate their words may seem. By being here you have communicated that you care. This gesture is of immeasurable value, and speaks significantly about the impact of the life we commemorate.



Ward funeral home

EVANSVILLE, WISCONSIN 53536

8 3 0 4 0 3 8 0 6 5 3

The Lord's Prayer

Our Father which art in heaven.
Hallowed be Thy name.

Thy kingdom come. Thy will be done
in earth, as it is in heaven.

Give us this day our daily bread.

And forgive us our debts, as we
forgive our debtors.

And lead us not into temptation,
but deliver us from evil:

For Thine is the kingdom, and the
power, and the glory, forever.

Amen

WARREN NEWMAN PORTER

Born - October 20, 1884
Died - December 26, 1981

MEMORIAL SERVICES
Tuesday, December 29, 1981
Ward Funeral Home
11:00 A.M.

OFFICIATING
Reverend William Klossner
Congregational United Church of Christ
Edgerton, Wisconsin
Reverend Mark Pirazzini
Congregational United Church of Christ
Evansville, Wisconsin

INTERMENT of CREMAINS
Cooksville Cemetery
Cooksville, Wisconsin

MRS. WARREN PORTER
19 West Main Street
Evansville, Wisconsin 53536

Ralph Bunche

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

Aff. 00 Kenneth A. Gross.

0 4 0 1 8 0 6 3 4

82 JUN 28 AM 8:20

MUR 1360

Arthur J. Dellinger, Sr.
Dellinger & Dellinger
Certified Public Accountants
9220 Sunset Boulevard
Suite 206
Los Angeles, CA 90069

82 JUN 17 P4:06

June 17, 1982

Mr. Frank P. Reiche
Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, D.C.

Dear Mr. Reiche:

The undersigned as the Treasurer of the Reagan for President Committee, the Reagan Bush Committee and the Reagan Bush Compliance Fund (hereinafter collectively referred to as the "Committees") hereby officially notifies the Commission that the Committees have designated Ronald E. Robertson of the law firm of Musick, Peeler & Garrett, 1200 18th Street, N.W., Suite 1175, Washington, D.C. 20036 as Special Counsel to represent the Committees before the Federal Election Commission with respect to all pending matters and the Committees have designated John J. Duffy of the law firm of Pierson, Ball & Dowd, 1200 18th Street, N.W., Suite 1000, Washington, D.C. 20036 as Associate Special Counsel with respect to all FEC matters.

In addition to myself it is contemplated that Angela M. (Bay) Buchanan and Scott Mackenzie will be conferring with your audit and legal staffs in connection with these pending matters.

All communication from the FEC's General Counsel should now be sent directly to Mr. Robertson with a copy to me at the address shown above.

All other correspondences from the Commission and its staff should be sent directly to me at the above address with copies to Mr. Robertson.

8040180655

No further communications from the Commission or its staff relating to the Committees are to be sent to Mr. Edward L. Wiedenfeld or the law firm of McKenna, Conner & Cuneo.

Thank you for your attention to these matters.

Yours truly,

Arthur J. Dellinger, Sr.
Treasurer
Reagan for President Committee
Reagan Bush Committee
Reagan Bush Compliance Fund

83040180656

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 16, 1982

Edward Weidenfeld
Maureen Duignan
McKenna, Conner and Cuneo
1575 Eye Street, N.W.
Washington, D.C. 20005

RE: MUR 1360

Dear Mr. Weidenfeld and Ms. Duignan:

On June 8, 1982, the Commission determined that there is probable cause to believe that your client, Tommy Thomas Chevrolet Co., Inc., violated 2 U.S.C. § 441b(a), and that your client, Peter Hon, violated 2 U.S.C. § 441a(a)(1)(A). The Commission has a duty to attempt to correct such violations for a period of thirty to ninety days by informal methods of conference, conciliation and persuasion, and by entering into conciliation agreements. If we are unable to reach agreement during that period, the Commission may institute civil suits in United States District Court and seek payment of civil penalties.

We enclose conciliation agreements that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the enclosed agreements, please sign and return them to the Commission within ten days. I will then recommend that the Commission approve the agreements.

In addition, the Commission determined that there is no probable cause to believe that your client, Thomas Trainer, Sr., violated 2 U.S.C. § 441a(a)(1)(A). The Commission further determined to take no further action against your clients, Mrs. B.F. Weekley, Thomas Sefton, Albert Frowiss, and Forrest Lattner.

8304030657

The Commission reminds your clients that it is nevertheless a violation of 2 U.S.C. § 441a(a)(1)(A) for an individual to contribute more than $1,000 to any candidate with respect to each election for federal office. Your clients should take steps to insure that this activity does not occur in the future. The file in this matter will become public within 30 days after this matter has been closed with respect to all other respondents involved. As 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 at such time. Should you wish to submit any materials to appear on the public record, please do so within ten days of your receipt of this letter.

If you have any questions or suggestions for changes in the enclosed conciliation agreements, please contact Maura White, the staff member assigned to this matter, at (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Conciliation Agreements (2)

8304030806 5 6

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Edward Weidenfeld
Maureen Duignan
McKenna, Conner and Cuneo
1575 Eye Street, N.W.
Washington, D.C. 20005

RE: MUR 1360

Dear Mr. Weidenfeld and Ms. Duignan:

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3 3 0 4 0 3 9 0 6 5 6

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If you have any questions or suggestions for changes in the enclosed conciliation agreements, please contact Maura White, the staff member assigned to this matter, at (202) 523-4057.

Sincerely,

mw 6/10/87

Charles N. Steele
General Counsel

Enclosure
Conciliation Agreements (2)

3304030670

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 16, 1982

Ward F. Cleary
Curtis, Brinckerhoff and Barrett
666 Summer Street
Stamford, Connecticut 06901

Re: MUR 1360

Dear Mr. Cleary:

On June 8, 1982, the Commission determined there is probable cause to believe that your client, B.D. Gilbert, committed a violation of 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended.

The Commission has a duty to attempt to correct such violations for a period of thirty to ninety days by informal methods of conference, conciliation and persuasion, and by entering into a conciliation agreement. If we are unable to reach an agreement during that period, the Commission may institute civil suit in United States District Court and seek payment of a civil penalty.

We enclose a conciliation agreement that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the enclosed agreement, please have your client sign the agreement, and return it to the Commission within ten days. I will then recommend that the Commission approve the agreement. Please make the check for the civil penalty payable to the U.S. Treasurer.

If you have any questions or suggestions for changes in the enclosed conciliation agreement, please contact Maura White, the staff member assigned to this matter, at (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Conciliation Agreement

8204019067

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Ward F. Cleary
Curtis, Brinckerhoff and Barrett
666 Summer Street
Stamford, Connecticut 06901

Re: MUR 1360

Dear Mr. Cleary:

On , 1982, the Commission determined there is probable cause to believe that your client, B.D. Gilbert, committed a violation of 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended.

The Commission has a duty to attempt to correct such violations for a period of thirty to ninety days by informal methods of conference, conciliation and persuasion, and by entering into a conciliation agreement. If we are unable to reach an agreement during that period, the Commission may institute civil suit in United States District Court and seek payment of a civil penalty.

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If you have any questions or suggestions for changes in the enclosed conciliation agreement, please contact Maura White, the staff member assigned to this matter, at (202) 523-4057.

Sincerely,

prob b/lc/82

Charles N. Steele
General Counsel

Enclosure
Conciliation Agreement

8304080677

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 16, 1982

William Manning
110 Calle Alta
Orange, California 92669

Re: MUR 1360

Dear Mr. Manning:

On June 8, 1982, the Commission determined there is probable cause to believe that you committed a violation of 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended.

The Commission has a duty to attempt to correct such violations for a period of thirty to ninety days by informal methods of conference, conciliation and persuasion, and by entering into a conciliation agreement. If we are unable to reach an agreement during that period, the Commission may institute civil suit in United States District Court and seek payment of a civil penalty.

We enclose a conciliation agreement that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it to the Commission within ten days. I will then recommend that the Commission approve the agreement. Please make your check for the civil penalty payable to the U.S. Treasurer.

If you have any questions or suggestions for changes in the enclosed conciliation agreement, please contact Maura White, the staff member assigned to this matter, at (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Conciliation Agreement

2340680675

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

William Manning
110 Calle Alta
Orange, California 92669

Re: MUR 1360

Dear Mr. Manning:

On , 1982, the Commission determined there is probable cause to believe that you committed a violation of 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended.

The Commission has a duty to attempt to correct such violations for a period of thirty to ninety days by informal methods of conference, conciliation and persuasion, and by entering into a conciliation agreement. If we are unable to reach an agreement during that period, the Commission may institute civil suit in United States District Court and seek payment of a civil penalty.

We enclose a conciliation agreement that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it to the Commission within ten days. I will then recommend that the Commission approve the agreement. Please make your check for the civil penalty payable to the U.S. Treasurer.

If you have any questions or suggestions for changes in the enclosed conciliation agreement, please contact Maura White, the staff member assigned to this matter, at (202) 523-4057.

Sincerely,

MW 6/15/82

Charles N. Steele
General Counsel

Enclosure
Conciliation Agreement

9304030674

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 16, 1982

Raymond K. Cooper
Myers Y. Cooper Company
515 Dixie Terminal Building
Cincinnati, Ohio 45202

RE: MUR 1360

Dear Mr. Cooper:

On September 22, 1981, the Commission determined that you violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. You submitted a response to the Commission's finding on November 6, 1981.

After considering the circumstances of this matter, the Commission has determined to take no further action against you and close its file as it pertains to you. The file in this matter will become public within 30 days after this matter has been closed with respect to all other respondents involved. As 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 at such time. Should you wish to submit any materials to appear on the public record, please do so within ten days of your receipt of this letter.

The Commission reminds you that it is nevertheless a violation of 2 U.S.C. § 441a(a)(1)(A) for an individual to contribute more than $1,000 to any candidate with respect to each election for federal office. You should take steps to insure that this activity does not occur in the future.

If you have any questions, please contact Maura White at (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

6304038067

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Raymond K. Cooper
Myers Y. Cooper Company
515 Dixie Terminal Building
Cincinnati, Ohio 45202

RE: MUR 1360

Dear Mr. Cooper:

On September 22, 1981, the Commission determined that you violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. You submitted a response to the Commission's finding on November 6, 1981.

After considering the circumstances of this matter, the Commission has determined to take no further action against you and close its file as it pertains to you. The file in this matter will become public within 30 days after this matter has been closed with respect to all other respondents involved. As 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 at such time. Should you wish to submit any materials to appear on the public record, please do so within ten days of your receipt of this letter.

The Commission reminds you that it is nevertheless a violation of 2 U.S.C. § 441a(a)(1)(A) for an individual to contribute more than $1,000 to any candidate with respect to each election for federal office. You should take steps to insure that this activity does not occur in the future.

If you have any questions, please contact Maura White at (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 16, 1982

Malachy J. Coughlan
9008 South Hamilton
Chicago, Illinois 60620

RE: MUR 1360

Dear Mr. Coughlan:

On September 22, 1981, the Commission found reason to believe that your client, Michael Cross, violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. You submitted a response on behalf of your client on November 16, 1981.

After considering the circumstances of this matter, the Commission has determined to take no further action against your client and close its file as it pertains to him. The file in this matter will become public within 30 days after this matter has been closed with respect to all other respondents involved. As 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 at such time. Should you wish to submit any materials to appear on the public record, please do so within ten days of your receipt of this letter.

The Commission reminds your client that it is nevertheless a violation of 2 U.S.C. § 441a(a)(1)(A) for an individual to contribute more than $1,000 to any candidate with respect to each election for federal office. Your client should take steps to insure that this activity does not occur in the future.

If you have any questions, please contact Maura White at (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

8304080677

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Malachy J. Coughlan
9008 South Hamilton
Chicago, Illinois 60620

RE: MUR 1360

Dear Mr. Coughlan:

On September 22, 1981, the Commission found reason to believe that your client, Michael Cross, violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. You submitted a response on behalf of your client on November 16, 1981.

After considering the circumstances of this matter, the Commission has determined to take no further action against your client and close its file as it pertains to him. The file in this matter will become public within 30 days after this matter has been closed with respect to all other respondents involved. As 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 at such time. Should you wish to submit any materials to appear on the public record, please do so within ten days of your receipt of this letter.

The Commission reminds your client that it is nevertheless a violation of 2 U.S.C. § 441a(a)(1)(A) for an individual to contribute more than $1,000 to any candidate with respect to each election for federal office. Your client should take steps to insure that this activity does not occur in the future.

If you have any questions, please contact Maura White at (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

MW 6/16/82

BY: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 16, 1982

Edward DiLoreto
7333 Rio Flora Place
Downey, California 90241

RE: MUR 1360

Dear Mr. DiLoreto:

On September 22, 1981, the Commission determined that you violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. You submitted a response to the Commission's finding on October 22, 1981.

After considering the circumstances of this matter, the Commission has determined to take no further action against you and close its file as it pertains to you. The file in this matter will become public within 30 days after this matter has been closed with respect to all other respondents involved. As 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 at such time. Should you wish to submit any materials to appear on the public record, please do so within ten days of your receipt of this letter.

The Commission reminds you that it is nevertheless a violation of 2 U.S.C. § 441a(a)(1)(A) for an individual to contribute more than $1,000 to any candidate with respect to each election for federal office. You should take steps to insure that this activity does not occur in the future.

If you have any questions, please contact Maura White at (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Edward DiLoreto
7333 Rio Flora Place
Downey, California 90241

RE: MUR 1360

Dear Mr. DiLoreto:

On September 22, 1981, the Commission determined that you violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. You submitted a response to the Commission's finding on October 22, 1981.

After considering the circumstances of this matter, the Commission has determined to take no further action against you and close its file as it pertains to you. The file in this matter will become public within 30 days after this matter has been closed with respect to all other respondents involved. As 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 at such time. Should you wish to submit any materials to appear on the public record, please do so within ten days of your receipt of this letter.

The Commission reminds you that it is nevertheless a violation of 2 U.S.C. § 441a(a)(1)(A) for an individual to contribute more than $1,000 to any candidate with respect to each election for federal office. You should take steps to insure that this activity does not occur in the future.

If you have any questions, please contact Maura White at (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 16, 1982

Warren Porter
19 West Main Street
Evansville, Wisconsin 53536

RE: MUR 1360

Dear Mr. Porter:

On September 22, 1981, the Commission determined that you violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. A response was submitted by Mrs. Porter on your behalf on October 13, 1981.

After considering the circumstances of this matter, the Commission has determined to take no further action against you and close its file as it pertains to you. The file in this matter will become public within 30 days after this matter has been closed with respect to all other respondents involved. As 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 at such time. Should you wish to submit any materials to appear on the public record, please do so within ten days of your receipt of this letter.

The Commission reminds you that it nevertheless is a violation of 2 U.S.C. § 441a(a)(1)(A) for an individual to contribute more than $1,000 to any candidate with respect to each election for federal office. You should take immediate steps to insure that this activity does not occur in the future.

If you have any questions, please contact Maura White at (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Warren Porter
19 West Main Street
Evansville, Wisconsin 53536

RE: MUR 1360

Dear Mr. Porter:

On September 22, 1981, the Commission determined that you violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. A response was submitted by Mrs. Porter on your behalf on October 13, 1981.

After considering the circumstances of this matter, the Commission has determined to take no further action against you and close its file as it pertains to you. The file in this matter will become public within 30 days after this matter has been closed with respect to all other respondents involved. As 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 at such time. Should you wish to submit any materials to appear on the public record, please do so within ten days of your receipt of this letter.

The Commission reminds you that it nevertheless is a violation of 2 U.S.C. § 441a(a)(1)(A) for an individual to contribute more than $1,000 to any candidate with respect to each election for federal office. You should take immediate steps to insure that this activity does not occur in the future.

If you have any questions, please contact Maura White at (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

MW 6/10/82

BY: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 16, 1982

John N. Thomson
Kathryn F. Gilson
Bassey, Selesko, Couzens
and Murphy
1400 American Center
Southfield, Michigan 48034

RE: MUR 1360

Dear Mr. Thompson and Ms. Gilson:

On September 22, 1981, the Commission found reason to believe that your client, Hazel Bowerman, violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. You submitted a response on behalf of your client on October 18, 1981.

After considering the circumstances of this matter, the Commission has determined to take no further action against your client and close its file as it pertains to her. The file in this matter will become public within 30 days after this matter has been closed with respect to all other respondents involved. As 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 at such time. Should you wish to submit any materials to appear on the public record, please do so within ten days of your receipt of this letter.

The Commission reminds you that it is nevertheless a violation of 2 U.S.C. § 441a(a)(1)(A) for an individual to contribute more than $1,000 to any candidate with respect to each election for federal office.

If you have any questions, please contact Maura White at (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

3040306

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

John N. Thomson
Kathryn F. Gilson
Bassey, Selesko, Couzens
and Murphy
1400 American Center
Southfield, Michigan 48034

RE: MUR 1360

Dear Mr. Thompson and Ms. Gilson:

On September 22, 1981, the Commission found reason to believe that your client, Hazel Bowerman, violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. You submitted a response on behalf of your client on October 18, 1981.

After considering the circumstances of this matter, the Commission has determined to take no further action against your client and close its file as it pertains to her. The file in this matter will become public within 30 days after this matter has been closed with respect to all other respondents involved. As 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 at such time. Should you wish to submit any materials to appear on the public record, please do so within ten days of your receipt of this letter.

The Commission reminds you that it is nevertheless a violation of 2 U.S.C. § 441a(a)(1)(A) for an individual to contribute more than $1,000 to any candidate with respect to each election for federal office.

If you have any questions, please contact Maura White at (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

3040380694

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 16, 1982

Charles J. Seidler, Jr.
Rogers, Hoge and Hills
90 Park Avenue
New York, New York 10016

RE: MUR 1360

Dear Mr. Seidler:

On September 22, 1981, the Commission found reason to believe that your client, Rudolp Bernatschke, violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. You submitted a response on behalf of your client on October 14, 1981.

After considering the circumstances of this matter, the Commission has determined to take no further action against your client and close its file as it pertains to him. The file in this matter will become public within 30 days after this matter has been closed with respect to all other respondents involved. As 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 at such time. Should you wish to submit any materials to appear on the public record, please do so within ten days of your receipt of this letter.

The Commission reminds your client that it is nevertheless a violation of 2 U.S.C. § 441a(a)(1)(A) for an individual to contribute more than $1,000 to any candidate with respect to each election for federal office. Your client should take steps to insure that this activity does not occur in the future.

If you have any questions, please contact Maura White at (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

8304030635

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Charles J. Seidler, Jr.
Rogers, Hoge and Hills
90 Park Avenue
New York, New York 10016

RE: MUR 1360

Dear Mr. Seidler:

On September 22, 1981, the Commission found reason to believe that your client, Rudolp Bernatschke, violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. You submitted a response on behalf of your client on October 14, 1981.

After considering the circumstances of this matter, the Commission has determined to take no further action against your client and close its file as it pertains to him. The file in this matter will become public within 30 days after this matter has been closed with respect to all other respondents involved. As 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 at such time. Should you wish to submit any materials to appear on the public record, please do so within ten days of your receipt of this letter.

The Commission reminds your client that it is nevertheless a violation of 2 U.S.C. § 441a(a)(1)(A) for an individual to contribute more than $1,000 to any candidate with respect to each election for federal office. Your client should take steps to insure that this activity does not occur in the future.

If you have any questions, please contact Maura White at (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

mw 6/10/82

BY: Kenneth A. Gross
Associate General Counsel

8304030634

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Mrs. B. F. Weekley,	)	
Thomas Sefton,	)	
Albert Frowiss,	)	
Michael Cross,	)	
Hazel Bowerman,	)	
Rudolp Bernatschke,	)	MUR 1360
Warren Porter,	)	
Edward DiLoreto,	)	
Raymond Cooper,	)	
Forrest Lattner,	)	
Peter Hon,	)	
Thomas Trainer,	)	
William Manning,	)	
B.D. Gilbert, and	)	
Tommy Thomas Chevrolet Co., Inc.	)	

8304080637

CERTIFICATION

I, Marjorie W. Emmons, Recording Secretary for the Federal Election Commission Executive Session on June 8, 1982, do hereby certify that the Commission took the following actions in the above-captioned matter:

1. Decided by a vote of 6-0 to

   a) Take no further action against Mrs. B. F. Weekley.

   b) Take no further action against Albert Frowiss.

   c) Take no further action against Thomas Sefton.

   d) Take no further action against Hazel Bowerman.

   e) Take no further action against Rudolp Bernatschke.

(continued)

f) Take no further action against Warren Porter.

g) Take no further action against Michael Cross.

h) Take no further action against Edward DiLoreto.

i) Take no further action against Raymond Cooper.

j) Take no further action against Forrest Lattner.

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

2. Decided by a vote of 6-0 to find probable cause to believe William Manning violated 2 U.S.C. §441a(a)(1)(A).

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

3. Decided by a vote of 6-0 to find probable cause to believe Peter Hon violated 2 U.S.C. §441a(a)(1)(A).

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

4. Decided by a vote of 4-2 to find probable cause to believe B. D. Gilbert violated 2 U.S.C. §441a(a)(1)(A).

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

5. Decided by a vote of 6-0 to find no probable cause to believe Thomas Trainer, Sr. violated 2 U.S.C. §441a(a)(1)(A).

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

(Continued)

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6. Decided by a vote of 5-1 to find probable cause to believe Tommy Thomas Chevrolet Co., Inc. violated 2 U.S.C. §44lb(a).

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

7. Decided by a vote of 6-0 to approve the letters and conciliation agreements attached to the General Counsel's May 27, 1982 report.

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

Attest:

6-9-82
Date

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

8304058063

May 28, 1982

MEMORANDUM:TO: Marjorie W. Emmons

FROM: Phyllis A. Kayson

SUBJECT: MUR 1360

Please have the attached General Counsel's Report distributed to the Commission for the agenda of June 8, 1982. Thank you.

Attachment

cc: White

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FEDERAL ELECTION COMMISSION

SENSITIVE

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

In the Matter of)
Mrs. B.F. Weekley, Thomas)
Sefton, Albert Frowiss,)
Michael Cross, Hazel)
Bowerman, Rudolp)
Bernatschke, Warren Porter,)
Edward DiLoreto, Raymond)
Cooper, Forrest Lattner,)
Peter Hon, Thomas Trainer,)
William Manning, B.D. Gilbert,)
Tommy Thomas Chevrolet Co., Inc.)

MUR 1360 82 MAY 28 A10: 56

EXECUTIVE SESSION

JUN 8 1982

GENERAL COUNSEL'S REPORT

I. Background

On September 22, 1981, the Commission determined that there is reason to believe Mrs. B.F. Weekley, Thomas Sefton, Albert Frowiss, Michael Cross, Hazel Bowerman, Rudolp Bernatschke, Edward DiLoreto, Warren Porter, Raymond Cooper, Forrest Lattner, Peter Hon, Thomas Trainer, William Manning, and B.D. Gilbert violated 2 U.S.C. § 441a(a)(1)(A) by contributing in excess of $1,000 to the Reagan for President Committee ("Committee"). The Commission also determined that there is reason to believe the Committee violated 2 U.S.C. §§ 441a(f), 441b(a), and 434(b)(8), and that Tommy Thomas Chevrolet Co., Inc. ("TTCC") violated 2 U.S.C. § 441b(a). Notification of the Commission's findings was mailed to all respondents on September 29, 1981; responses were received during the period of October 13, 1981, through November 17, 1981. Briefs were mailed to the Committee, TTCC, Peter Hon, William Manning, Forrest Lattner, Thomas Trainer, and B.D. Gilbert on March 18, 1982; response briefs were filed during the period of April 16, 1982, through April 20, 1982. On May 19,

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II. Factual and Legal Analysis

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committee with respect to any election to federal office which in the aggregate exceed $1,000. Contributions or payments made by a married individual shall not be attributed to that individual's spouse, unless otherwise specified by that individual or by the individual's spouse. 11 C.F.R. § 100.7(c). Pursuant to 11 C.F.R. § 104.8(d) (former § 104.5(e)), a contribution which represents contributions by more than one person shall indicate on the written instrument, or on an accompanying written statement signed by all contributors, the amount to be attributed to each contributor. As set forth in 11 C.F.R. § 9034.2(c)(1), in the case of a check drawn on a joint checking account, the contributor is considered to be the owner

whose signature appears on the check. To be attributed equally to other joint tenants of the account, the check or other accompanying written document shall contain the signatures of the joint tenants. Id.

(1) Mrs. B.F. Weekley

Mrs. B.F. Weekley contributed $4,100 to the Committee during the period of May 22, 1979, through April 1, 1980. The Committee refunded $3,100 to Mrs. Weekley on August 11, 1980.

The response filed on behalf of Mrs. Weekley states that she is "ninety years old and her familiarity with the federal election law is limited." The response argues that because Mrs. Weekley was refunded $3,100, any further action against her would be contrary to the legislative intent of the Act and "inappropriate."

In view of Mrs. Weekley's advanced age, and because she has received a refund for the entire amount of her excessive contribution, it is recommended that no further action be taken against Mrs. Weekley. This recommendation is consistent with the Commission's determinations in MURs 1142/1255, also involving individuals who made excessive contributions to the Committee.

(2) Thomas Sefton

The Commission's reason to believe finding was based on the apparent fact that Thomas Sefton contributed $200 to the Committee on April 9, 1979, $1,000 on October 8, 1979, and $1,000 on July 25, 1980, for a total of $2,200. On December 18, 1980, the Committee refunded $700 to Mr. Sefton.

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The response submitted by Thomas Sefton states that while he personally contributed $200 on April 9, 1979, his $1,000 contribution of October 8, 1979, represented a contribution from both himself and his wife. In support of this contention, Mr. Sefton submitted a copy of the letter which apparently accompanied the October 8, 1979, contribution. An apparent carbon copy of the letter was submitted unsigned, but the letter states: "Donna and I are sending this along to support Ron (emphasis added)". With respect to his contribution of July 25, 1980, the $1,000 donation was apparently intended for the Committee's Compliance Fund. The letter accompanying the contribution was submitted by Mr. Sefton and it states: "[E]nclosed is an additional check for $1,000 to help in the General Election. ... I am hopeful that you can use this in your legal and accounting fund." In addition, Mr. Sefton submitted copies of the contribution checks, written on the joint account of Thomas and Donna Sefton, and an affidavit which attests to the above facts.

Counsel for the Committee also submitted a response on behalf of Mr. Sefton. The response states that when reporting Mr. Sefton's contributions, the Committee was apparently unaware of the letter accompanying the October 1979 donation which indicated that the contribution was from both Mr. and Mrs. Sefton, and that "[a]s a consequence, the Committee's records mistakenly attributed the entire contribution to Mr. Sefton." The Committee's counsel notes that the Seftons did

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verify in a written statement dated December 3, 1979, that their October 1979 donation represented two individual $500 contributions, and that with respect to the July 25, 1980, contribution, "[c]ommittee personnel may not have realized that Mr. Sefton specifically designated that his donation be applied to the Committee's Compliance Fund," and under the "mistaken impression that the donation was for the primary campaign, ... the Committee refunded $700 to him."

It initially appeared that Thomas Sefton contributed $2,200 to the Committee, but the evidence submitted in this matter indicates that $1,000 of the amount contributed was intended for the Committee's Compliance Fund, and that this amount was mistakenly deposited into the Committee's account. Moreover, while the requirements of 11 C.F.R. § 9034.2(c)(1) or § 104.8(d) may not have been completely satisfied, i.e., Mrs. Sefton did not sign the check and appears not to have signed the accompanying note, it seems clear that with respect to the October 1979 contribution, the contribution was intended to be a joint contribution from Mr. and Mrs. Sefton from the moment it was made because of the language in the letter accompanying the contribution. In consideration of the above, it is recommended that no further action be taken against Thomas Sefton.

(3) Albert Frowiss

The Commission's reason to believe finding was based on the apparent fact that Albert Frowiss contributed $1,000 to the Committee on March 30, 1979, $1,000 on April 1, 1979, $150 on

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May 20, 1980, $400 on September 6, 1979, and $600 on September 7, 1979, for a total of $3,150. On December 7, 1980, the Committee refunded $150 to Mr. Frowiss, and on May 27, 1980, reported the reapportionment of two contributions totalling $1,000 to Rosemarie Frowiss, Mr. Frowiss' wife.

The response of Albert Frowiss asserts that of the five contributions noted in the Commission's finding, only three are correct. Specifically, the response states that Mr. Frowiss did not contribute $1,000 to the Committee on March 30, 1979, and that the $150 contribution attributed to him, was in fact made by his son, who has the same name. A copy of a $150 cashier's check and a copy of Mr. Frowiss' bank statement for the period of March 22, 1979, through April 19, 1979, was submitted in support of his response. It is the position of Mr. Frowiss that the remaining three contributions, totalling $2,000, were joint contributions from himself and his wife. Copies of the three contribution checks were submitted; the checks are written on the joint account of Albert and Rosemarie Frowiss. Since Mr. Frowiss has an unconditional general power of attorney from his wife, it is argued that he and his wife thought it was proper to make contributions in the manner in which he did. The $600 contribution (9-7-79) initially attributed to Mr. Frowiss by the Committee was in the form of a check signed by Albert Frowiss "for Rosemarie Frowiss." The remaining two contribution checks totalling $1,400, however, are signed by Mr. Frowiss with no designation. Mr. Frowiss' reply states that although the

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Committee is unable to locate them, Mr. Frowiss believes he filled out cards accompanying his contributions which addressed the apportionment issue on behalf of himself and his wife.

While Mr. Frowiss has a power of attorney for Mrs. Frowiss, it is the General Counsel's view that this does not automatically result in joint contributions with Mrs. Frowiss when Mr. Frowiss contributes to a political committee. For a contribution to be divided equally between the tenants of a joint checking account, the requirements of 11 C.F.R. §§ 9034.2(c)(1) or 104.8(d) must be met. Here, the signature of Mrs. Frowiss did not appear on the two checks totalling $1,400, and neither the checks nor, so far as we can tell, an accompanying written statement signed by both indicated that the two contributions were to be divided equally.

However, as Mr. Frowiss did not make one of the $1,000 contributions in question or the $150 contribution, and a $600 contribution was properly attributable to Mrs. Frowiss rather than Mr. Frowiss, Mr. Frowiss' contributions to the Committee actually total $1,400. In view of the fact that Mr. Frowiss contributed only $400 in excess of the contribution limitation, and apparently intended his contributions to be joint, it is recommended that no further action be taken against Mr. Frowiss.

(4) Hazel Bowerman

Hazel Bowerman contributed $2,050 to the Committee during the period of April 18, 1979 through July 18, 1980. The Committee refunded $1,050 to Mrs. Bowerman on August 25, 1980.

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The response submitted by counsel for Mrs. Bowerman states that their client is 94 years old and that she was "constantly being harassed and taken advantage of by representatives from various political and charitable organizations asking her for contributions." Mrs. Bowerman apparently "made various contributions to such organizations without full realization of either the total amount of the contributions or the organizations to which such contributions were made." Moreover, counsel notes that "[t]his situation became so impossible, that in 1980, our office strongly recommended that a trust be established for her benefit so that these organizations could no longer take advantage of her," and as a result, the National Bank of Detroit "was named Trustee of the Hazel K. Bowerman Living Trust and has taken over the management of Mrs. Bowerman's assets."

In view of Mrs. Bowerman's advanced age and the fact that the excessive contribution has been refunded, it is recommended that no further action be taken against Mrs. Bowerman. This recommendation is consistent with the Commission's determinations in MURs 1142/1255.

(5) Rudolp Bernatschke

The Commission's reason to believe finding was based on the apparent fact that Rudolp Bernatschke contributed $1,000 to the Committee on March 5, 1979, $1,000 on November 6, 1979, and $50 on January 24, 1980. The Committee refunded $50 to Mr. Bernatschke on December 17, 1980, and on December 18, 1980, reported the reapportionment of $1,000 to Mr. Bernatschke's wife, Cathalene Bernatschke.

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The response submitted by counsel for Mr. Bernatschke included copies of two checks to the Committee, each in the amount of $1,000. Both checks are written on the Bernatschke's joint account and are signed by both Rudolp and Cathalene Bernatschke. It appears, however, that with respect to the remaining contribution of $50, only Mr. Bernatschke signed the check.

As the technical requirement of 11 C.F.R. § 9034.2(c)(1) was satisfied, i.e., the Bernatschke's both signed two of the checks totalling $2,000, the two contributions should be divided equally between them. Although Mr. Bernatschke contributed an additional $50, it is recommended that no further action be taken against Rudolp Bernatschke because the amount of the excessive contribution is very small ($50), and it has been refunded.

(6) Warren Porter

Warren Porter contributed $2,781 to the Committee during the period of March 19, 1979, through April 15, 1980. The Committee refunded $1,781 to Mr. Porter on October 29, 1980.

A response was submitted in this matter by Mr. Porter's wife. The response states that Mr. Porter is 96 years old, unable to write, and resides in a nursing home after being hospitalized for the past year.

In consideration of Mr. Porter's advanced age and poor health, and because he has received a refund from the Committee for the contribution he made in excess of the limitations, it is recommended that no further action be taken against Mr. Porter. This recommendation is consistent with the Commission's determinations in MURs 1142/1255.

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(7) Michael Cross

The Commission's reason to believe finding was based on the apparent fact that Michael Cross contributed $3,000 to the Committee on October 25, 1979, and $500 on March 7, 1980. The Committee refunded $2,500 to Mr. Cross on December 18, 1980.

The response submitted by counsel for Mr. Cross included a letter which apparently accompanied the $3,000 contribution. While the letter is signed only by Raymond Cross, Michael Cross' father, the check, according to counsel, was signed by Michael Cross, the trustee of the family trust. The letter expressly states that the $3,000 donation is from the "Cross Family Trust" and that the "contributors at $1,000 each are: Andrew Cross, Elizabeth Cross, and Nicholas J. Cross." Concerning the propriety of making donations under a trust account, the response states that "Mr. Cross personally made inquiry and was advised that if [each of] the various donors had a beneficial interest, contributed from personal funds, and was not in violation of the Trust Agreement, the donation would be proper."

Although the technical requirement of 11 C.F.R. § 104.8(d) may not have been completely satisfied, i.e., the three members of the Cross family did not sign the letter which accompanied the check, it seems clear that the $3,000 contribution was originally designated as three $1,000 contributions from various members of the Cross family, and was not a contribution from Michael Cross. In consideration of the above, and since the $2,500 was refunded to the Cross family, it is recommended that no further action be taken against Michael Cross.

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(8) Edward DiLoreto

The Commission's reason to believe finding was based upon the apparent fact that Edward DiLoreto contributed $250 to the Committee on March 27, 1979, $1,000 on May 23, 1979, and $1,000 on December 22, 1979. On May 27, 1980, the Committee reported the reapportionment of Edward DiLoreto's contributions of $1,000 and $250 to Mrs. Jill DiLoreto and Eric DiLoreto, respectively.

The response submitted by Mr. DiLoreto states that "the three donations ... were made by my son Eric in the sum of $250, which he has repaid to me; by my wife Jill for $1,000 as her donation from our mutual funds (since her checking account is for household expenses and she could not write a check for that amount) and from myself for $1,000 as my personal donation." The response further states that the "Republican Committee" was informed of the above-stated apportionment "at the time[,] as my wife and my son wanted to make their own donations." Included with the response were the statements of Jill and Eric DiLoreto. According to the statement of Jill DiLoreto, she requested that her husband make a $1,000 contribution to the Committee on her behalf, and the contribution was made out of their community funds. She stated further, "the Reagan for President Committee was told that it was my contribution but we were not aware that a separate written statement had to accompany the contribution." The statement of Eric DiLoreto asserts that he requested that his father advance $250 to him so that he could contribute to the Committee, and that he has since repaid the loan.

As no evidence has been provided to indicate that the $1,000 apparently intended as Mrs. DiLoreto's contribution contained her

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signature on the check, the contribution is not properly allocable to her. See 11 C.F.R. §§ 100.7(c), 104.8(c), 9034.2(c)(1). In view of the apparent fact that Mr. DiLoreto informed the Committee that it was his wife's contribution at the time he contributed $1,000 on her behalf from their mutual funds, however, it is recommended that no further action be taken against Mr. DiLoreto. Without this contribution, Mr. DiLoreto's excessive contribution amounts to only $250. Moreover, while the money ($250) lent to Eric DiLoreto by Edward DiLoreto constituted a contribution by Edward DiLoreto to the Committee (2 U.S.C. § 431(8)(A)) (former § 431(e)), the amount of money involved is nominal, and the loan has been repaid.

(9) Raymond K. Cooper

According to the contributor records maintained by the Reagan for President Committee, and the Audit Division's review of those records, Raymond K. Cooper contributed $2,500 to the Committee. The following contributions were attributed to Mr. Cooper: $1,000 on October 10, 1979, $500 on October 9, 1979, $500 on November 12, 1979, and $500 on an undetermined date. The Reagan for President Committee refunded $500 to Mr. Cooper on April 29, 1981.

The response filed by Mr. Cooper states that he contributed only $1,000 to the Reagan for President Committee, and, therefore, he did not violate the contribution limitations. Mr. Cooper's reply contends that the $1,000 contribution of

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October 10, 1979, which was attributed to him was made by his grandson, Raymond K. Cooper, II, and that the $500 contribution of an undetermined date was made by his grandson's wife, Nancy Cooper. Included with the response were copies of the contribution checks mentioned in the response. Two checks in the amount of $500 each, and dated October 9, 1979, and November 12, 1979, respectively, are signed by the respondent, Raymond K. Cooper. The remaining two checks are written on the joint account of Raymond K. Cooper, II, and Nancy Cooper; one check dated October 10, 1979, in the amount of $1,000 is signed by Raymond K. Cooper, II, and the other check dated February 12, 1980, in the amount of $500 is signed by Nancy Cooper.

Although the response submitted in this matter by Raymond Cooper states that he contributed only $1,000 to the Committee, it appears that Mr. Cooper has misstated his contributions by $500, thereby bringing his total contributions to $1,500. A review of contribution checks submitted for matching fund purposes by the Committee has revealed that, in addition to his other two $500 contributions, Mr. Cooper did in fact make the $500 contribution of an undetermined date which his response states was made by his grandson's wife. (As the Committee has reported the receipt of a $500 contribution from Nancy Cooper, it does not appear to have attributed Nancy Cooper's contribution to Mr. Cooper, as suggested by Mr. Cooper.)

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The evidence available indicates that the Committee erroneously attributed only $1,000 to Raymond Cooper. Thus, Mr. Cooper's contributions to the Committee appear to total $1,500. In view of the fact that the amount in excess of the limitations is only $500 and it has been refunded, it is recommended that no further action be taken against Raymond Cooper.

(10) Forrest Lattner

The response brief filed on behalf of Mr. Lattner repeats the same arguments presented in response to the reason to believe finding against him. The brief, however, does contain the additional information that Mr. Lattner is eighty years old.

While it is the view of the General Counsel that the refund of the excessive portion of Mr. Lattner's contribution is only a mitigating factor and not one which vitiates the violation (see the General Counsel's Brief to Forrest Lattner), it is recommended that no further action be taken against Mr. Lattner because of his advanced age. This recommendation insures consistency with the Commission's determinations in MUR 1142/1255 (and alters the recommendation contained in the General Counsel's Brief to Forrest Lattner.)

(11) William Manning

As no response brief has been filed by Mr. Manning, the General Counsel's legal analysis remains the same. See the General Counsel's Brief to William Manning. Hence, it remains

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the recommendation of the General Counsel that there is probable cause to believe William Manning violated 2 U.S.C. § 441a(a)(1)(A).

(12) Peter Hon

The response brief filed on behalf of Mr. Hon repeats the same arguments presented in response to the reason to believe finding against him. As stated in the General Counsel's Brief to Mr. Hon, it is the view of the General Counsel that the refund of the excessive portion of Mr. Hon's contribution is only a mitigating factor and not one which vitiates the violation. See the General Counsel's Brief to Peter Hon. Thus, it remains the recommendation of the General Counsel that there is probable cause to believe Peter Hon violated 2 U.S.C. § 441a(a)(1)(A).

(13) B.D. Gilbert

The response brief filed by Mr. Gilbert states that he was unaware of the contribution limitations, and that he was under the impression when he made the contributions at issue that the recipient committee would return any impermissible contributions to him in a timely fashion. In addition, the response states that Mr. Gilbert is in his mid-seventies and that while he has no "proof," he surmises that one-half of his $2,000 contribution was made by his wife, who is now deceased. (Mr. Gilbert contributed $3,000 to the Committee.)

As stated in the General Counsel's Brief to Mr. Gilbert, it is the view of the General Counsel that the refund of the excessive portion of Mr. Gilbert's contribution is only a

mitigating factor in this matter and not one which vitiates the violation. See the General Counsel's Brief to B.D. Gilbert. Mr. Gilbert has not submitted any evidence which indicates that Mrs. Gilbert signed either of the two contribution checks or an accompanying note. Thus, it remains the recommendation of the General Counsel that there is probable cause to believe B.D. Gilbert violated 2 U.S.C. § 441a(a)(1)(A).

(14) Thomas Trainer, Sr.

The response brief filed on behalf of Mr. Trainer states that of the $3,000 in contributions considered to have been donated by him, only $1,000 is correctly attributable. It is explained that the remaining $2,000 in question constitutes two $1,000 contributions made by Mr. Trainer's children, Thomas Trainer, Jr. and Terry Trainer, on September 27, 1979. According to the response submitted, the Trainer children withdrew funds from their savings account and contributed such to the Committee with two $1,000 cashiers checks. Copies of the cashiers checks were submitted with the response and both are signed by Terry Trainer; the respondent, Thomas Trainer, Sr. did not sign either of the checks. The response concludes that "[n]otification that Terry and Thomas, Jr. were responsible for [the] contributions apparently accompanied their donations since five days after the date of their checks, Mrs. Reagan personally wrote to them thanking each."

In view of the fact that Thomas Trainer, Sr. did not sign

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either of the two contribution checks which the Committee incorrectly attributed to him prior to reattribution, his total contributions to the Committee amount to only $1,000. Hence, it is the recommendation of the General Counsel that the Commission find no probable cause to believe that Thomas Trainer, Sr. violated 2 U.S.C. § 441a(a)(1)(A). (This recommendation alters the recommendation contained in the General Counsel's Brief to Thomas Trainer, Sr.)

(15) TTCC

The response of TTCC reasserts the arguments raised in its reply to the reason to believe finding. The response also focuses on the argument that it is "irrelevant" that TTCC paid Mr. Thomas' bills because it was Mr. Thomas who incurred the expenses. In support of its argument, reference is made to the Commission's recent disposition of the treatment of campaign advances in MUR 1349. TTCC reasserts its position that no violation of the Act occurred.

The arguments of TTCC are unfounded in the General Counsel's view. See the General Counsel's Brief to TTCC. With respect to TTCC's reference to MUR 1349, it is important to note first of all that the instant matter is materially distinguishable from that matter. The issue herein involves a corporation's (TTCC) payment of the expenses incurred by an agent of the Committee, on behalf of the Committee, prior to reimbursement; MUR 1349 involved two

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individual Committee agents who incurred expenses on behalf of the Committee. Thus, different circumstances and different provisions of the Act are involved. In addition, contrary to the respondent's contention, the Commission did not determine in MUR 1349 that it was not a "contribution" if a person incurs expenses on behalf of a political committee and seeks reimbursement thereafter. Although under the circumstances of that MUR there were insufficient votes to proceed against the person paying the expenses, the Commission did vote to proceed against the Reagan Committee. In view of the foregoing, the General Counsel recommends that the Commission find probable cause to believe TTCC violated 2 U.S.C. § 441b(a).

III. Discussion of Conciliation and Civil Penalties

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IV. General Counsel's Recommendations

1. Take no further action against Mrs. B.F. Weekley.
2. Take no further action against Albert Frowiss.
3. Take no further action against Thomas Sefton.
4. Take no further action against Hazel Bowerman.

5. Take no further action against Rudolp Bernatschke.

6. Take no further action against Warren Porter.

7. Take no further action against Michael Cross.

8. Take no futher action against Edward DiLoreto.

9. Take no further action against Raymond Cooper.

10. Take no further action against Forrest Lattner.

11. Find probable cause to believe William Manning violated 2 U.S.C. § 441a(a)(1)(A).

12. Find probable cause to believe Peter Hon violated 2 U.S.C. § 441a(a)(1)(A).

13. Find probable cause to believe B.D. Gilbert violated 2 U.S.C. § 441a(a)(1)(A).

14. Find no probable cause to believe Thomas Trainer, Sr. violated 2 U.S.C. § 441a(a)(1)(A).

15. Find probable cause to believe Tommy Thomas Chevrolet Co., Inc. violated 2 U.S.C. § 441b(a).

16. Approve the attached letters and conciliation agreements.

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27 May 1982
Date

Charles N. Steele
General Counsel

Attachments

1-- Letters (9) and Conciliation Agreements (4)

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Edward Weidenfeld
Maureen Duignan
McKenna, Conner and Cuneo
1575 Eye Street, N.W.
Washington, D.C. 20005

RE: MUR 1360

Dear Mr. Weidenfeld and Ms. Duignan:

On , 1982, the Commission determined that there is probable cause to believe that your client, Tommy Thomas Chevrolet Co., Inc., violated 2 U.S.C. § 441b(a), and that your client, Peter Hon, violated 2 U.S.C. § 441a(a)(1)(A). The Commission has a duty to attempt to correct such violations for a period of thirty to ninety days by informal methods of conference, conciliation and persuasion, and by entering into conciliation agreements. If we are unable to reach agreement during that period, the Commission may institute civil suits in United States District Court and seek payment of civil penalties.

We enclose conciliation agreements that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the enclosed agreements, please sign and return them to the Commission within ten days. I will then recommend that the Commission approve the agreements.

In addition, the Commission determined that there is no probable cause to believe that your client, Thomas Trainer, Sr., violated 2 U.S.C. § 441a(a)(1)(A). The Commission further determined to take no further action against your clients, Mrs. B.F. Weekley, Thomas Sefton, Albert Frowiss, and Forrest Lattner.

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The Commission reminds your clients that it is nevertheless a violation of 2 U.S.C. § 441a(a)(1)(A) for an individual to contribute more than $1,000 to any candidate with respect to each election for federal office. Your clients should take steps to insure that this activity does not occur in the future. The file in this matter will become public within 30 days after this matter has been closed with respect to all other respondents involved. As 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 at such time. Should you wish to submit any materials to appear on the public record, please do so within ten days of your receipt of this letter.

If you have any questions or suggestions for changes in the enclosed conciliation agreements, please contact Maura White, the staff member assigned to this matter, at (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Conciliation Agreements (2)

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Ward F. Cleary
Curtis, Brinckerhoff and Barrett
666 Summer Street
Stamford, Connecticut 06901

Re: MUR 1360

Dear Mr. Cleary:

On , 1982, the Commission determined there is probable cause to believe that your client, B.D. Gilbert, committed a violation of 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended.

The Commission has a duty to attempt to correct such violations for a period of thirty to ninety days by informal methods of conference, conciliation and persuasion, and by entering into a conciliation agreement. If we are unable to reach an agreement during that period, the Commission may institute civil suit in United States District Court and seek payment of a civil penalty.

We enclose a conciliation agreement that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the enclosed agreement, please have your client sign the agreement, and return it to the Commission within ten days. I will then recommend that the Commission approve the agreement. Please make the check for the civil penalty payable to the U.S. Treasurer.

If you have any questions or suggestions for changes in the enclosed conciliation agreement, please contact Maura White, the staff member assigned to this matter, at (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Conciliation Agreement

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

William Manning
110 Calle Alta
Orange, California 92669

Re: MUR 1360

Dear Mr. Manning:

On , 1982, the Commission determined there is probable cause to believe that you committed a violation of 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended.

The Commission has a duty to attempt to correct such violations for a period of thirty to ninety days by informal methods of conference, conciliation and persuasion, and by entering into a conciliation agreement. If we are unable to reach an agreement during that period, the Commission may institute civil suit in United States District Court and seek payment of a civil penalty.

We enclose a conciliation agreement that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it to the Commission within ten days. I will then recommend that the Commission approve the agreement. Please make your check for the civil penalty payable to the U.S. Treasurer.

If you have any questions or suggestions for changes in the enclosed conciliation agreement, please contact Maura White, the staff member assigned to this matter, at (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Conciliation Agreement

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

John N. Thomson
Kathryn F. Gilson
Bassey, Selesko, Couzens
and Murphy
1400 American Center
Southfield, Michigan 48034

RE: MUR 1360

Dear Mr. Thompson and Ms. Gilson:

On September 22, 1981, the Commission found reason to believe that your client, Hazel Bowerman, violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. You submitted a response on behalf of your client on October 18, 1981.

After considering the circumstances of this matter, the Commission has determined to take no further action against your client and close its file as it pertains to her. The file in this matter will become public within 30 days after this matter has been closed with respect to all other respondents involved. As 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 at such time. Should you wish to submit any materials to appear on the public record, please do so within ten days of your receipt of this letter.

The Commission reminds you that it is nevertheless a violation of 2 U.S.C. § 441a(a)(1)(A) for an individual to contribute more than $1,000 to any candidate with respect to each election for federal office.

If you have any questions, please contact Maura White at (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Charles J. Seidler, Jr.
Rogers, Hoge and Hills
90 Park Avenue
New York, New York 10016

RE: MUR 1360

Dear Mr. Seidler:

On September 22, 1981, the Commission found reason to believe that your client, Rudolp Bernatschke, violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. You submitted a response on behalf of your client on October 14, 1981.

After considering the circumstances of this matter, the Commission has determined to take no further action against your client and close its file as it pertains to him. The file in this matter will become public within 30 days after this matter has been closed with respect to all other respondents involved. As 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 at such time. Should you wish to submit any materials to appear on the public record, please do so within ten days of your receipt of this letter.

The Commission reminds your client that it is nevertheless a violation of 2 U.S.C. § 441a(a)(1)(A) for an individual to contribute more than $1,000 to any candidate with respect to each election for federal office. Your client should take steps to insure that this activity does not occur in the future.

If you have any questions, please contact Maura White at (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Warren Porter
19 West Main Street
Evansville, Wisconsin 53536

RE: MUR 1360

Dear Mr. Porter:

On September 22, 1981, the Commission determined that you violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. A response was submitted by Mrs. Porter on your behalf on October 13, 1981.

After considering the circumstances of this matter, the Commission has determined to take no further action against you and close its file as it pertains to you. The file in this matter will become public within 30 days after this matter has been closed with respect to all other respondents involved. As 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 at such time. Should you wish to submit any materials to appear on the public record, please do so within ten days of your receipt of this letter.

The Commission reminds you that it nevertheless is a violation of 2 U.S.C. § 441a(a)(1)(A) for an individual to contribute more than $1,000 to any candidate with respect to each election for federal office. You should take immediate steps to insure that this activity does not occur in the future.

If you have any questions, please contact Maura White at (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Malachy J. Coughlan
9008 South Hamilton
Chicago, Illinois 60620

RE: MUR 1360

Dear Mr. Coughlan:

On September 22, 1981, the Commission found reason to believe that your client, Michael Cross, violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. You submitted a response on behalf of your client on November 16, 1981.

After considering the circumstances of this matter, the Commission has determined to take no further action against your client and close its file as it pertains to him. The file in this matter will become public within 30 days after this matter has been closed with respect to all other respondents involved. As 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 at such time. Should you wish to submit any materials to appear on the public record, please do so within ten days of your receipt of this letter.

The Commission reminds your client that it is nevertheless a violation of 2 U.S.C. § 441a(a)(1)(A) for an individual to contribute more than $1,000 to any candidate with respect to each election for federal office. Your client should take steps to insure that this activity does not occur in the future.

If you have any questions, please contact Maura White at (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Edward DiLoreto
7333 Rio Flora Place
Downey, California 90241

RE: MUR 1360

Dear Mr. DiLoreto:

On September 22, 1981, the Commission determined that you violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. You submitted a response to the Commission's finding on October 22, 1981.

After considering the circumstances of this matter, the Commission has determined to take no further action against you and close its file as it pertains to you. The file in this matter will become public within 30 days after this matter has been closed with respect to all other respondents involved. As 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 at such time. Should you wish to submit any materials to appear on the public record, please do so within ten days of your receipt of this letter.

The Commission reminds you that it is nevertheless a violation of 2 U.S.C. § 441a(a)(1)(A) for an individual to contribute more than $1,000 to any candidate with respect to each election for federal office. You should take steps to insure that this activity does not occur in the future.

If you have any questions, please contact Maura White at (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Raymond K. Cooper
Myers Y. Cooper Company
515 Dixie Terminal Building
Cincinnati, Ohio 45202

RE: MUR 1360

Dear Mr. Cooper:

On September 22, 1981, the Commission determined that you violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. You submitted a response to the Commission's finding on November 6, 1981.

After considering the circumstances of this matter, the Commission has determined to take no further action against you and close its file as it pertains to you. The file in this matter will become public within 30 days after this matter has been closed with respect to all other respondents involved. As 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 at such time. Should you wish to submit any materials to appear on the public record, please do so within ten days of your receipt of this letter.

The Commission reminds you that it is nevertheless a violation of 2 U.S.C. § 441a(a)(1)(A) for an individual to contribute more than $1,000 to any candidate with respect to each election for federal office. You should take steps to insure that this activity does not occur in the future.

If you have any questions, please contact Maura White at (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

1-(23)

9304058071 9

MUSICK, PEELER & GARRETT
A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
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1200 EIGHTEENTH STREET N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 775-1427

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LOS ANGELES, CALIFORNIA
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NEWPORT BEACH OFFICE
SUITE 800
4000 MACARTHUR BOULEVARD
NEWPORT BEACH, CALIFORNIA
(714) 752-6100

DENVER OFFICE
SUITE 1500
718 SEVENTEENTH STREET
DENVER, COLORADO
(303) 825-6721

ELVON MUSICK 1890-1966
LEROY A. GARRETT 1908-1963

WRITER'S DIRECT DIAL NUMBER

Conf 7949
82 JUN 14 P12:23

June 10, 1982

82 JUN 14 P3:16

Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Attention: Charles N. Steele, Esq.
General Counsel

8304180720

Dear Mr. Steele:

This will confirm Edward L. Weidenfeld's letter to you of June 9, 1982, designating the undersigned as Special Counsel to the Reagan for President Committee and the Reagan - Bush Commitee with respect to all pending FEC matters. This is also to advise that John J. Duffy of the law firm of Pierson, Ball & Dowd has been designated to serve as associate special counsel to the Committees for FEC matters.

Please direct all future correspondence from the Commission to the Treasurer for the Committees, Arthur J. Dellinger, Sr. Certified Public Accountants, 9220 Sunset Boulevard, Suite 206, Los Angeles, California 90069, with copies of all such correspondence sent directly to the undersigned.

Thank you for your attention to this matter.

Sincerely yours,

Ronald E. Robertson

Ronald E. Robertson
for Musick, Peeler & Garrett

RER:nb
cc: Mr. Arthur J. Dellinger
John J. Duffy, Esq.

MUR 1540

82 JUN 10 A 9:03

LAW OFFICES
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(415) 433-0640

EDWARD L. WEIDENFELD

WRITER'S DIRECT DIAL NUMBER
(202) 789- 7640

HAND DELIVERED

June 9, 1982

82 JUN 10 P12:39

Federal Election Commission
1325 K Street, N.W.
Washington, D. C.

Attention: Charles Steele, Esq.

Dear Mr. Steele:

This letter is to advise you that Mr. Ron Robertson, a member of the law firm of Musick, Peeler & Garrett, has been designated associate special counsel with respect to pending FEC matters of the Reagan for President Committee and the Reagan Bush Committee (the "Committees"). Mr. Robertson has authority to negotiate on behalf of the Committees and to designate such others as he may deem necessary to represent the Committees before the FEC. Please be advised that the only person authorized to bind the Committees is Mr. Arthur Dellinger, the Treasurer of the Committees.

Copies of future correspondence to the Committees should be directed to Mr. Robertson's attention.

Sincerely,

Edward L. Weidenfeld
General Counsel to the Reagan for
President and Reagan Bush Committees

ELW/prp

cc: R. Robertson
Musick, Peeler & Garrett
1175 Ring Building
1200 18th Street, N.W.
Washington, D. C. 20036

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CURTIS, BRINCKERHOFF & BARRETT
ATTORNEYS AND COUNSELLORS AT LAW
666 SUMMER STREET
STAMFORD, CONN. 06901

T. WARD CLEARY
RICHARD L. BRINCKERHOFF
JOHN D. HERTZ
FREDERICK M. TOBIN
JANE F. DONOVAN
JOHN WAYNE FOX
WARD F. CLEARY
JAMES D'ALTON MURPHY*

*ALSO ADMITTED IN NEW YORK

JAMES E. BRINCKERHOFF
1904-1988
FRANK P. BARRETT
1918-1970
RUSSELL C. ROBERTS
1948-1979

(203) 324-6777

82 MAY 10 P 5:27

May 5, 1982

Scott E. Thomas
Assistant General Counsel
Federal Election Commission
Washington, D.C. 20463

Re.: MUR 1360
B. D. Gilbert

Dear Mr. Thomas:

Please find enclosed a fully executed Statement of Designation of Counsel concerning the above matter.

Very truly yours,

Ward F. Cleary

Ward F. Cleary

cc.: Mr. B.D.Gilbert
WFC/as
enclosures

8304038072

STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: Ward F. Cleary

ADDRESS: c/o Curtis, Brinckerhoff & Barrett
666 Summer Street
Stamford, Connecticut 06901

TELEPHONE: (203) 324-6777

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

April 28 1982
Date

Benjamin D. Gilbert
Signature - Benjamin D. Gilbert

NAME: Benjamin D. Gilbert

ADDRESS: Greenaway Island
Stamford, Connecticut 06902

HOME PHONE: (203)348-9228

BUSINESS PHONE: (212)986-3730

8304380725

CURTIS, BRINCKERHOFF & BARRETT
666 SUMMER STREET
STAMFORD, CONNECTICUT 06901

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STAMFORD MAY-5'82 CONN.
U.S. POSTAGE
.20

Mr. Scott E. Thomas
Assistant General Counsel
Federal Election Commission
Washington, D.C. 20463

82 MAY 10 P3:38
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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 22, 1982

W. F. Cleary
C, B and B
666 Summer Street
Stanford, Connecticut 06901

Re: MUR 1360
B. D. Gilbert

Dear Mr. Cleary:

Enclosed please find a Designation of Counsel form and a description of the Commission's preliminary procedures for processing possible violations of the Federal Election Campaign Act of 1971, as amended. It is my understanding that you will represent Mr. B. D. Gilbert in the above-captioned matter and that the enclosed form will be returned to the Office of General Counsel as soon as possible.

If you have any additional questions, please contact Maura White at (202) 523-4057.

Sincerely,

Scott E. Thomas
Assistant General Counsel

Enclosures

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MUR 1360
82040380724

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JERRY STOUCK◇
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STEPHANIE TSACOUMIS◇
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CHRISTIAN VOLZ◇
CHARLES E. WASHBURN, JR.†
ROBERT M. WAXMAN†
BRYAN S. WHITE†
LOUISE P. WISE◇
RENIE YOSHIDA†
DEAN J. ZIPSER†

◇NOT ADMITTED IN CALIFORNIA
†NOT ADMITTED IN D.C.

WRITER'S DIRECT DIAL NUMBER
(202) 789-

April 20, 1982

HAND DELIVERED

Ms. Marjorie W. Emmons
Secretary of the Commission
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1360: Matter of Thomas W. Trainer

Dear Ms. Emmons:

In accordance with the procedures of the Federal Election Commission ("the Commission") set forth at 11 C.F.R. § 111.16,1/ counsel for Thomas W. Trainer hereby responds to the General Counsel's Brief of March 18, 1982. In that Brief, it was recommended that the Commission find probable cause to believe that Mr. Trainer violated 2 U.S.C. § 441a(a)(1)(A) by making contributions to the Reagan for President Committee ("the Committee") which, in the aggregate, exceeded $1,000.

1/ Pursuant to 11 C.F.R. § 111.16(c), ten copies of Mr. Trainer's response are enclosed. Three copies of this response have also been furnished to the Office of the General Counsel.

The following factual and legal discussion demonstrates that Mr. Trainer did not violate the contribution limitations of the Federal Election Campaign Act of 1971, as amended ("the Act"). Accordingly, a probable cause finding is not warranted in this case and it is respectfully requested that the Commission close its files in this matter.

FACTS

On June 22, 1979, Thomas Trainer, Sr. contributed $1,000 to the Reagan for President Committee. That sum constituted the total amount Mr. Trainer contributed to the Reagan primary campaign.

Mr. Trainer's children also contributed to the Reagan for President Committee. By two separate cashier's checks signed by an officer of the Bank of America and dated September 27, 1979, Terry Trainer and Thomas Trainer, Jr. each contributed $1,000 to the Committee. (See Attachment A). Mr. Trainer's children2/ voluntarily contributed to the Reagan campaign, using funds from their own savings account.

The contributions at issue were sent directly to Mr. & Mrs. Reagan. Notification that Terry and Thomas, Jr. were responsible for these contributions apparently accompanied their donations since five days after the date of their checks, Mrs. Reagan personally wrote to them thanking each for their campaign support. (See Attachment B).

In the course of reviewing the Committee's reports, a questionable excessive contribution was discovered on the part of Mr. Trainer, Sr. This question arose since, through apparent inadvertance, the contributions of Terry and Thomas Trainer, Jr. were incorrectly attributed to their father.3/ In response to the Commission's "Request for Additional Information," the Committee

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2/ Thomas Trainer, Jr. was not a minor at the time he contributed to the Committee.

3/ The fact that Mr. Thomas and his son have the same name may have added to this confusion. Reporting errors due to name similarity have resulted in other FEC investigations. See e.g. MUR 654(78), where upon receiving clarification concerning contributions from a father and son, the Commission determined to take no further action.

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obtained a statement from Terry and Thomas, Jr. verifying the fact that each contributed $1,000 to the Reagan for President Committee. This verification, dated May 5, 1980, was reported to the Commission on May 19, 1980. (See Attachment C).

GENERAL COUNSEL'S ARGUMENT

The General Counsel's Brief recommends that the Commission find "probable cause to believe" that Mr. Trainer violated 2 U.S.C. § 441a(a)(1)(A) by making contributions totalling $3,000 to the Reagan for President Committee. While the General Counsel's Brief acknowledges that the two $1,000 contributions at issue may have been intended to be from Terry Trainer and Thomas Trainer, Jr., it maintains that no evidence has been submitted to demonstrate that notice of their intent accompanied the September 27, 1979 contributions. Accordingly, based on its assumption that Mr. Trainer, Sr. signed the checks at issue, it is the General Counsel's position that there is probable cause to believe the respondent violated the contribution limitations set forth in the Act. (See General Counsel's Brief dated March 18, 1982 at p. 3).

DISCUSSION

Because information relevant to the contributions involved in this matter may not have been available to the Commission at the time of its "reason to believe" determination and the General Counsel's subsequent "probable cause" recommendation, the legality of Mr. Trainer's contribution to the Committee has been questioned. Based upon the facts now available, however, it is clear that Mr. Trainer adhered to the contribution limitations specified in § 441a(a)(1)(A) of the Act.

1. Terry Trainer and Thomas Trainer, Jr. Each Contributed $1,000 to the Committee

The facts in this case clearly demonstrate that Terry Trainer and Thomas Trainer, Jr. each contributed $1,000 to the Committee. First, the bank records reflect that $2,000 was withdrawn from the savings account maintained by Terry Trainer and Thomas Trainer, Jr. to fund these contributions. Second, the savings withdrawal was converted to two $1,000 cashier's checks so that Terry and Thomas Jr. could each contribute $1,000 to the Committee. Finally, Mrs. Reagan wrote to Terry and Thomas Trainer, Jr., acknowledging their contributions not Mr. Trainer, Sr. These facts demonstrate that the contributions at issue were made by Mr. Trainer's children. Accordingly, an excessive contribution of $2,000 cannot be attributed to Mr. Trainer's account.

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2. There Is No Basis for Attributing Excessive Contributions to Mr. Trainer, Sr.

The General Counsel's Brief refers to several regulatory requirements to support its recommendation that there is probable cause to believe Mr. Trainer contributed to the Committee in violatation of the Act. It is respondent's position that application of these provisions to the instant matter is irrelevant to the facts at issue or has no bearing on the legality of the contributions involved.

a. Mr. Thomas Trainer, Sr. Did Not Sign the Contribution Checks at Issue

The General Counsel's Brief relies on 11 C.F.R. § 104.8(c) to support its position that Mr. Trainer, Sr. exceeded the Act's contribution limitations. This provision provides that, absence evidence to the contrary, a contribution by check shall be reported as a contribution by the last person signing the instrument prior to delivery to the candidate or committee. Because no information is alleged to have accompanied the two $1,000 contributions to indicate they were from Terry and Thomas Trainer, Jr., the General Counsel concludes that "Mr. Trainer, who apparently signed the check [sic], must be considered to be the contributor." See General Counsel's Brief dated March 18, 1982 at p. 3 (emphasis added).

The General Counsel's assumption is wrong. The signatures appearing on the checks at issue are not Mr. Trainer's. If the Commission so desires, Mr. Trainer will verify by a sworn affidavit that he did not endorse these instruments. Because of this important fact, there is no reason for "considering" Mr. Trainer to be the contributor of the two contribution checks at issue since he did not sign them. As a result, no basis exists for attributing $2,000 of excessive contributions to the account of Mr. Trainer, Sr.

b. There Is No Issue of Attribution

The General Counsel's Brief also states that the September 27, 1979 contributions were not designated in compliance with 11 C.F.R. § 104.8(d). This provision provides that a contribution which represents a donation by more than one person shall indicate on the written instrument or in an accompanying written statement signed by all contributors, the amount to be attributed to each contributor. This provision has no application to this case. The General Counsel's Brief ignores the fact that two $1,000 checks are at issue, not one $2,000 check which was to be

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equally divided between Terry Trainer and Thomas Trainer, Jr. Each of them individually contributed $1,000 to the Committee by separate written instruments.

c. The Contribution Checks at Issue Were Not Drawn on an Escrow or Trust Account

Finally, the General Counsel's Brief cites 11 C.F.R. § 9034.2(c)(3) in support of its position that the applicable contribution limitations were violated in this case. This provision provides that because checks drawn on escrow or trust accounts can only be a contribution from the person who has beneficial ownership of the account, such checks must be signed by that person along with a statement acknowledging that the contribution does not violate the conditions of the trust agreement. Once again, this provision has no application to the instant case. Terry and Thomas Trainer, Jr. did not submit contribution checks drawn on an escrow or trust account. Rather, as evidenced by copies of the checks found in Attachment A to this response, the contributions were made by cashier's checks and hence not subject to trust or escrow agreement conditions contemplated by 11 C.F.R. § 9034.2(c)(3).

CONCLUSION

The General Counsel's Brief offers no evidence that the checks at issue involve excessive contributions made by or attributable to Mr. Trainer. Accordingly, no grounds exist for finding Mr. Trainer in violation of 2 U.S.C. § 441a(a)(1)(A). As a result, it is respectfully requested that the Commission find no probable cause to believe that a violation occurred and close its files in this matter.

Sincerely,

Edward L. Weidenfeld

Attachments

cc: Charles N. Steele, Esq.

8 3 0 4 0 0 8 0 7 3 8

8304030731

BEVERLY HILLS MAIN OFFICE

Bank of America
NATIONAL TRUST & SAVINGS ASSOCIATION
BEVERLY HILLS, CALIFORNIA

No. 0245 79215

DATE SEP 27 19 72 16-66/1220

PAY TO THE ORDER OF ******RONALD REAGAN FOR PRESIDENT COMMITTEE**********1000.00****

[illegible] 1000 00 DOLLARS

CASHIER'S CHECK

AUTHORIZED SIGNATURE

Terry Trainer

⑈079215⑈ ⑆122000661⑆ 0245⑈85100⑈

BEVERLY HILLS MAIN OFFICE

Bank of America
NATIONAL TRUST & SAVINGS ASSOCIATION
BEVERLY HILLS, CALIFORNIA

No. 0245 79214

DATE SEP 27 19 72 16-66/1220

PAY TO THE ORDER OF *********RONALD REAGAN FOR PRESIDENT COMMITTEE**********1000.00*****

[illegible] 1000 00 DOLLARS

CASHIER'S CHECK

AUTHORIZED SIGNATURE

Terry Trainer

⑈079214⑈ ⑆122000661⑆ 0245⑈85100⑈

8304080735

83040380734

Ms. Terry Tow Trainer
952 N. Alpine Dr.
Beverly Hills
Calif. 90210

Dear Terry Tow-

My husband and I have to thank you very much for your contribution to the campaign - It's especially gratifying and meaningful when it comes from your age group - We're delighted you're concerned and involved -

With your help, we'll try to make things better -

Sincerely, Nancy Reagan

8304080765

REAGAN for PRESIDENT

This is to verify that the donation to Reagan for President in the amount of $ 2000.00 and received by the committee on 10/9/79, is in fact two individual contributions from the following contributors:

Cashier's Check # 0245 79214

Name Terry Trainer Amount Donated $ 1000.00

Address 952 N. Alpine Dr.

City Bev. Hills

State Calif. Zip 90210

Signature x Terry Trainer

Cashier's Check # 0245 79215

Name Tom TRAINER Amount Donated $ 1,000.00

Address 952 N. ALPINE

City Beverly Hills

State CALIF. Zip 90210

Signature x Tom Trainer

by Charlette D. Trainer guardian

(Tom is at school in Colorado)

Date: 5/5/80 Ref. No. RFAI 1

3 3 0 4 0 5 8 0 7

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FROM
McKENNA, CONNER & CUNEO
1575 EYE STREET, NORTHWEST
WASHINGTON, D. C. 20005

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

HAND DELIVERED

GCC# 7564

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D. MICHAEL FITZHUGH*
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NORMAN H. RAUDEN
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EDWARD L. WEIDENFELD*
KENNETH W. WEINSTEIN*
LES J. WEINSTEIN
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ALBERT H. COLE*
MAX GOLDEN*†
JOEL P. SHEDD*
RICHARD J. PERRY, JR.*†

ASHLEY SELLERS (1908-1977)
GILBERT A. CUNEO (1913-1978)

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April 16, 1982

Ms. Marjorie W. Emmons
Secretary of the Commission
Federal Election Commission
1325 K Street, NW
Washington, D.C. 20463

Re: MUR 1360

Dear Ms. Emmons:

Pursuant to the General Counsel's "probable cause" recommendation in the above captioned matter, enclosed are the original and ten (10) copies of responses submitted on behalf of the following:

a. Peter Hon
b. Forrest C. Lattner
c. Tommy Thomas Chevrolet Co., Inc.
d. Reagan for President Committee

Three (3) copies of these responses are also being furnished this day to the Office of the General Counsel.

Sincerely,

Maureen Duignan

Enclosures

MD/kb

cc: Charles N. Steele, Esquire
Office of the General Counsel

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April 16, 1982

Ms. Marjorie W. Emmons
Secretary of the Commission
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20005

Re: MUR 1360 - Response of The Reagan for President Committee

Dear Ms. Emmons:

In accordance with the procedures of the Federal Election Commission ("Commission") set forth at 11 C.F.R. § 111.16,1/ counsel for the Reagan for President Committee ("Committee") hereby responds to the General Counsel's letter of March 18, 1982. In that letter, it is stated that the General Counsel is prepared to recommend that the Commission find probable cause to

1/ Pursuant to 11 C.F.R. § 111.16(c), ten copies of the Committee's response are enclosed. Three copies of the response also have been furnished to the Office of the General Counsel.

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believe that the Reagan for President Committee violated 2 U.S.C. §§ 441a(f), 441b(a), and 434(b)(8).

The Committee has concluded that no violations occurred. The reasons for this conclusion were stated in a letter to the Honorable John W. McGarry, dated November 17, 1981, and are incorporated herein in their entirety. However, in response to the General Counsel's letter of March 18, 1982, further comments are appropriate.

EXCESSIVE CONTRIBUTIONS FROM INDIVIDUALS

The General Counsel has recommended that the Commission find probable cause to believe that the Committee violated 2 U.S.C. § 441a(f). 2 U.S.C. § 441a(f) states:

> No candidate or political Committee shall knowingly accept any contribution . . . in violation of the provisions of this section.

As discussed in the November 17, 1981 letter, "knowingly" is undefined by statute or regulation and, therefore, must be defined by case law.2/ The General Counsel states3/ that "a violation of § 441a(f) may be found when it is demonstrated that the party knew all of the facts involved."4/ Federal Election Commission v. California Medical Association, 502 F. Supp. 196 (N.D. Cal. 1980) is cited as support. The Committee's position regarding the meaning of "knowingly" as used in 2 U.S.C. § 441a(f) is identical: "In general, case law finds a knowing violation

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2/ Letter from Edward L. Weidenfeld to the Honorable John Warren McGarry, November 17, 1981, at p. 3. (Hereinafter cited as "Committee's brief.")

3/ Letter from Charles N. Steele to Edward L. Weidenfeld, March 18, 1982 (hereinafter cited as "General Counsel's brief.").

4/ Id., at p. 16.

when a person is shown to have knowledge of all the facts which establish a violation."5/

However, the General Counsel and the Committee do differ on two issues: (1) what facts must be known and (2) when must the facts be known. The Committee contends that its position on these two issues is correct and, therefore, the General Counsel's recommendation should be withdrawn.

The facts which must be known are described in 2 U.S.C. § 441a(f): "contribution . . . in violation of the provisions of [2 U.S.C. § 441a]." 2 U.S.C. § 441a(a) defines which contributions violate 2 U.S.C. § 441a. For the facts at issue, the pertinent definition prohibits contributions from any person "to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000." (2 U.S.C. § 441a(a)(1)(A)). Therefore, the facts that must be known are: (1) the fact of a contribution; and (2) the fact that the contribution itself or in aggregate with other contributions from the same contributor exceeds $1,000.

Federal Election Commission v. California Medical Association, supra, is in accord with this interpretation. The court found a violation of 2 U.S.C. § 441a(f) because:

> CALPAC knew the facts (accepting in-kind contributions exceeding $5,000 from CMA) which rendered its conduct unlawful. Such knowledge is sufficient to create civil liability under 2 U.S.C. 441a(f).

Id. at 203 (emphasis added).

2 U.S.C. § 441a(f) specially requires that the facts which must be known be known at the time of acceptance (deposit)6/ of the contribution ("knowingly accept"). The wording of the statute is clear.

5/ Committee's brief, at p. 3. The Committee, despite the assertion in the General Counsel's brief (at page 14), has never "argued that the term 'knowingly accept' means knowledge that acceptance is in violation of law . . . ."

6/ United States v. Chestnut, 533 F.2d 40 (2nd Cir. 1976).

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The facts involved show that the Committee had no knowledge at the time of acceptance that the contributions in issue exceeded $1,000. The Committee routinely received hundreds, if not thousands, of contributions daily. Using an established computerized monitoring system, each contribution was aggregated with previous contributions from the same person, if any, to identify those contributors and contributions which had exceeded the $1,000 limit.7/

The General Counsel's interpretation ignores these requirements of 2 U.S.C. § 441a(f). The General Counsel states that the Committee "knew the facts -- that it accepted the contributions at issue herein." However, knowledge of acceptance of the contributions is only knowledge of one of the two critical facts which must be known at the time of acceptance. The Committee also must be shown to have known that the contributions exceeded $1,000.

The General Counsel also notes that the Committee later reported the excessive contributions on its statements and still later refunded the excessive contributions. While these facts are true and represent the Committee's best efforts to comply with Commission regulations, they are irrelevant to finding a violation of 2 U.S.C. § 441a(f) because they occurred after acceptance (deposit) of the contributions in issue.8/

In effect, the General Counsel's interpretation of 2 U.S.C. § 441a(f) either would eliminate "knowingly" or "accept" from 2 U.S.C. § 441a(f), because it either would not require knowledge

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7/ A knowing violation does not occur simply because of a negligent or inadvertent failure to become aware of all of the facts. See Committee's brief, at pp. 4-5. The General Counsel has provided no facts which show that the Committee's monitoring system was inadequate, let alone so inadequate that the Committee could be found to have recklessly disregarded its responsibility to identify excessive contributions. In fact, the opposite is true. The Committee's monitoring system was an acceptable system which functioned properly throughout the campaign. The identification and refund of excess contributions is ample evidence of this fact.

8/ See also, Committee's brief, at pp. 5-9.

of all of the facts at the time of acceptance or would ignore the specific point in time when knowledge must exist.9/ In either case, the General Counsel's interpretation violates the rules of statutory construction and is, therefore, improper.10/

Moreover, the General Counsel's interpretation would impose a standard of strict liability on a political committee, by finding a violation at the time of acceptance regardless of the Committee's knowledge at the time of acceptance. Such a standard places a political committee at the mercy of each contributor, clearly not an intent contemplated by Congress.11/

For these reasons, the General Counsel should reconsider the recommendation that the Commission find that the Committee violated 2 U.S.C. § 441a(f).

9/ The task of aggregating and reporting contributions exceeding $1,000 could not be performed prior to deposit without an on-line, terminal access computer system and continual updating of contribution data. An on-line, terminal access computer system is extremely expensive and continual updating requires significant amounts of time. During a campaign neither money nor time is in great supply. Therefore, it is doubtful that Congress intended to impose such a burden on political committees.

10/ "It is an elementary rule of construction that effect must be given, if possible, to every word ... of a statute." 2A. Sutherland Statutory Construction § 46.06 (4th ed. 1973).

11/ Certainly Federal Election Commission v. California Medical Association, 502 F. Supp. 196 (N.D. Cal. 1980), does not support this strict liability standard. In that case, the committee not only was aware that it would be receiving funds from a person, but knew beforehand the approximate amount to be received. Conversely, in the usual situation, a committee has no knowledge of who will contribute nor the amount to be contributed until after-the-fact.

CORPORATE CONTRIBUTION

The facts surrounding the alleged corporate contribution by Tommy Thomas Chevrolet Company, Inc. (TTC) are not in dispute.12/ However, the legal consequence of the facts is in issue. The Committee reasserts its contention that no corporate contribution was accepted and, therefore, the Committee could not have violated 2 U.S.C. § 441b(a). Mr. Thomas, using his personal charge account, incurred expenses on behalf of the Committee, as the Committee's Florida State Chairman.13/ The fact that Mr. Thomas' wholly-owned corporation paid the charge card company involved for Mr. Thomas' expenses does not alter the facts that: (1) Tommy Thomas personally incurred and was personally responsible for the charges; (2) Mr. Thomas' charges benefited the Committee; and (3) the payment by TTC benefited Mr. Thomas and not the Committee.14/

Assuming that the expenditures by TTC somehow were an extension of credit to the Committee, the Committee reasserts its contention that no contribution resulted because TTC extended the credit to the Committee in the normal course of its business.15/

Should the General Counsel determine that no corporate contribution was involved, the Committee could not have violated 2 U.S.C. § 441b(a). However, a finding that a corporate contribution did occur is not dispositive, because 2 U.S.C. § 441b(a) prohibits only a knowing acceptance of a contribution prohibited by 2 U.S.C. § 441b. 2 U.S.C. § 441b(a) states in pertinent part:

12/ See Committee's brief, at pp. 9-10.

13/ The fact that Mr. Thomas incurred expenses while acting on behalf of the Committee does not give rise to an excessive contribution in violation of 2 U.S.C. § 441a(a)(1)(A) as contended by the General Counsel. Neither the Act nor its implementing regulations prohibits agents of political committees from incurring expenses, pending reimbursement, on behalf of a committee. See MUR 1349.

14/ How Mr. Thomas paid his personal expenses was irrelevant to Mr. Thomas' relationship to the Committee.

15/ See Committee's brief, at pp. 12-13.

"It is unlawful ... for any candidate or political committee knowingly to accept ... any contribution prohibited by this section...."

The wording of 2 U.S.C. § 441b(a) regarding knowing acceptance of prohibited contributions is virtually identical to 2 U.S.C. § 441a(f). Therefore, before the Committee can be shown to have violated 2 U.S.C. § 441b(a), it must be shown that the Committee knew at the time of acceptance that the contribution accepted was a contribution prohibited by 2 U.S.C. § 441b(a) (i.e., in this instance, a corporate contribution). The General Counsel has not and cannot make such a showing.

The facts16/ disclose that Mr. Thomas was the Committee's Florida State Chairman, and as Chairman, Mr. Thomas incurred expenses on behalf of the Committee for which he expected and received reimbursement. The facts also show that pending receipt of reimbursement from the Committee, Mr. Thomas' privately, wholly-owned corporation paid these expenses on his behalf.

Acceptance in this situation occurred not at the time of deposit, as is the usual case, but rather at the time of the "payment for the goods or services, i.e., at the time cash, check or a credit card was tendered."17/ At the point in time Mr. Thomas tendered his credit card for the expenses which he incurred on behalf of the Committee, the facts show that Mr. Thomas was incurring the expenses personnally, as an agent of the Committee, and both Mr. Thomas and the Committee knew this fact and only this fact. Therefore, assuming that this constituted a contribution, the Committee possessed no knowledge at that point in time that the contribution was a prohibited corporate contribution.

Moreover, even if it is assumed that a contribution arose at the time that TTC paid Mr. Thomas' charge card bills, the Committee still had no knowledge at the time of acceptance (payment of the bills) that either a contribution had been made or

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16/ See Committee's brief, at pp. 9-10.

17/ Letter to Edward L. Weidenfeld from Charles N. Steele, December 18, 1981, attached General Counsel's brief, at p. 9.

that it had been made by a corporation, because Mr. Thomas was acting outside the scope of his authority as an agent of the Committee.

The General Counsel alleges that "it is a settled proposition of law that the principal is considered to have the knowledge that its agent possesses within the scope of the agency" and, therefore, because Mr. Thomas knew that a corporation had made a contribution, the Committee also knew.18/ While this is an accurate statement of general agency law, it fails to support the General Counsel's finding of a violation of 2 U.S.C. § 441b in this situation, because it is equally well settled that:

> If an agent has done an unauthorized act or intends to do one, the principle is not affected by the agent's knowledge that he has done or undertaken to do the act.

Restatement (Second) of Agency § 280 (1958).

Mr. Thomas was Florida State Chairman for the Committee. In this position, Mr. Thomas was authorized to represent the Committee and incur reasonable expenses for which he would receive reimbursement. It was not intended nor understood that Mr. Thomas' scope of authority included receiving reimbursement from anyone other than the Committee or receiving prohibited contributions. Because receiving the corporate reimbursement or receiving the alleged corporate contribution was not within Mr. Thomas' scope of authority, the Committee cannot be bound at the time of acceptance by the knowledge that the corporation paid Mr. Thomas' expenses or made an alleged contribution to the Committee. Therefore, the Committee did not knowingly accept a contribution prohibited by 2 U.S.C. § 441b(a) and did not violate 2 U.S.C. § 441b(a).

For each of the reasons stated above, the General Counsel should reconsider the recommendation that the Commission find that the Committee violated 2 U.S.C. § 441b(a).

18/ General Counsel's brief, at p. 26.

REPORTING OF DEBTS AND OBLIGATIONS IN REGARD TO TOMMY THOMAS CHEVROLET CO., INC.

The General Counsel contends that the Committee violated 2 U.S.C. § 434(b)(8) because the Committee failed to report an obligation to Tommy Thomas Chevrolet Co., Inc. The General Counsel's contention is incorrect for the reasons stated previously in the Committee's brief, each of which is incorporated herein.19/

However, it is important to re-examine the central issue involved; i.e., whether the Committee had, in fact, an obligation to Tommy Thomas Chevrolet Co., Inc. The answer is no. The expenses to be reimbursed were incurred by Mr. Thomas personally. Because Mr. Thomas was the Committee's agent, the Committee had an obligation to reimburse Mr. Thomas for expenses incurred representing the Committee. The Committee recognized this, noting an obligation to Mr. Thomas and making reimbursement.

The fact that Tommy Thomas Chevrolet Co., Inc. paid Mr. Thomas' personal debt does not change this fact. The corporate payment did not benefit the Committee, and how Mr. Thomas chose to pay for personal expenses did not alter his relationship with the Committee. Therefore, the General Counsel should reconsider the recommendation that the Commission find that the Committee violated 2 U.S.C. § 434(b)(8).

CONCLUSION

The Reagan for President Committee respectfully requests that for all the reasons cited above, the General Counsel withdraw the recommendations that the Commission find probable cause that the Committee violated the Act.

Sincerely yours,

Edward L. Weidenfeld

cc: Ms. Maura White

19/ See Committee's brief, at pp. 14-17.

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WRITER'S DIRECT DIAL NUMBER
(202) 789-

April 16, 1982

Ms. Majorie W. Emmons
Secretary to the Commission
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1360: Matter of Peter Hon

Dear Ms. Emmons:

In accordance with the procedures of the Federal Election Commission ("Commission") set forth at 11 C.F.R. § 111.16,*/ counsel for Mr. Peter Hon hereby responds to the General Counsel's letter of March 18, 1982. In that letter, the General Counsel recommended that the Commission find probable cause to believe that Mr. Hon violated 2 U.S.C. § 441a(a)(1)(A) by making a contribution to the Reagan for President Committee ("Committee") in excess of $1,000. Based upon the following factual and legal discussion, and Mr. Hon's previous response submitted to the Commission by letter dated November 16, 1981, it

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*/ Pursuant to 11 C.F.R. § 111.16(c), ten copies of Mr. Hon's response are enclosed. Three copies of this response have also been furnished to the Office of the General Counsel.

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is respectfully requested that the Commission take no further action against Mr. Hon and close its file in this matter.

FACTS

During the 1980 primary campaign, Mr. Hon made a political contribution to the Reagan for President Committee in the amount of $3,000. At the time Mr. Hon made this contribution, he was unaware that the Federal Election Campaign Act of 1971, as amended ("the Act"), limited individual contributions to $1,000. Upon discovering his questionable excessive contribution, the Committee notified Mr. Hon of the applicable limitations and refunded $2,000 to him, thus rendering him within the legal limit.

DISCUSSION

In Respondent's initial reply to the Commission's "reason to believe" notice, it was requested that no further action be taken against Mr. Hon in that: (1) his contribution error resulted solely from his unfamiliarity with the federal election laws; and (2) the error was subsequently corrected by a Committee refund to Mr. Hon of all excessive amounts. Citing recent congressional findings which emphasize the preferability of voluntary compliance, Respondent contended that given the facts, further action against Mr. Hon would not further the objectives of the Act and would serve no purpose other than punitive. See H.R. Rep. No. 97-30, 97th Cong., 1st Sess. 2 (May 7, 1981). The General Counsel's Brief has found these justifications for concluding this matter inadequate and accordingly now recommends that the Commission find probable cause to believe Mr. Hon violated the federal election laws.

This case does not involve any allegations of undue influence of wealthy interests on the political process. Rather, only at issue is the fact the Mr. Hon exceeded a contribution limitation of which he was unaware. If the Commission deems it necessary to instruct Mr. Hon as to the contribution limitations applicable to individuals in federal election campaigns, a letter advising him of those limitations and his duty to comply with them in the future is clearly an appropriate means of addressing his inadvertent violation of the election laws. Any further punitive measures would only chill Mr. Hon's First Amendment freedoms of political participation and seriously undermine the campaign financing process. In light of these important constitutional considerations and the fact that a clearly innocent violation is at issue, further action in this case is not appropriate.

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Conclusion

In light of the above factual and legal discussion, it is respectfully requested that no further action be taken against Mr. Hon and that the file in this matter be closed.

Sincerely,

Edward L. Weidenfeld

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WRITER'S DIRECT DIAL NUMBER
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April 16, 1982

Ms. Majorie W. Emmons
Secretary to the Commission
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1360: Matter of Tommy Thomas Chevrolet

Dear Ms. Emmons:

In accordance with the procedures of the Federal Election Commission ("Commission") set forth at 11 C.F.R. § 111.16,1/ counsel for Luther E. Thomas (a/k/a Tommy Thomas) hereby responds to the General Counsel's letter of March 18, 1982. In that letter, the General Counsel recommended that the Commission find probable cause to believe that Tommy Thomas Chevrolet Co., Inc. ("TTC") violated 2 U.S.C. § 441b(a) by making a corporate contribution to the Reagan for President Committee ("Committee"). Based upon the following factual and legal discussion, and Mr.

1/ Pursuant to 11 C.F.R. § 111.16(c), ten copies of Mr. Thomas' responses are enclosed. Three copies of this response have also been furnished to the Office Of the General Counsel.

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Thomas' previous submission to the Commission dated November 16, 1981, it is respectfully requested that the Commission reconsider the General Counsel's recommendation and take no further action in this matter.

FACTS

The facts surrounding Mr. Thomas' campaign expenditures at issue in this matter are set out in detail in respondent's November 16, 1981 submission to the Commission.

DISCUSSION

The General Counsel's Brief recommends that the Commission find probable cause to believe Tommy Thomas Chevrolet violated 2 U.S.C. § 441b(a) by making an "advance" to the Committee and thus making a prohibited corporate contribution. It is respondent's contention that no corporate advances2/ or contributions from TCC are at issue in this matter. Rather, Mr. Thomas personally incurred expenses on behalf of the Committee in connection with his campaign responsibilities. As an agent of the Reagan for President Committee, the Committee reimbursed the expenses incurred by Mr. Thomas. The fact that TTC may have paid some of Mr. Thomas' personal credit card bills is irrelevant. The method by which Mr. Thomas chose to pay for certain of his expenses does not alter his relationship with the Committee as an agent authorized to incur expenses in its behalf. Consequently, because only those expenses incurred personally by Mr. Thomas are at issue in this matter,3/ the only question to be resolved is

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2/ Assuming arguendo, that the expenditures at issue are deemed to constitute an "advance" to the Committee by TCC, respondent reasserts the arguments raised in its November 16, 1981 submission that: (1) no contribution was made by TTC because it extended credit to the Committee in the normal course of business; and (2) TCC "made a commercially reasonable attempt" to obtain reimbursement from the Committee, rendering it in compliance with 11 C.F.R. § 100.7(a)(4). In light of these facts, no prohibited contribution is at issue.

3/ The General Counsel's Brief recognizes this singular issue. At page 7 of the Brief, it is stated that even if the expenses at issue were paid from Mr. Thomas' personal funds rather than by TTC, a violation of the federal election laws would still occur since it would be
(continued)

whether, by "advancing" funds on the Committee's behalf, Mr. Thomas made a contribution in excess of $1,000.

It is respondent's position that an individual may incur expenses on behalf of a political committee and receive a subsequent reimbursement without that amount being deemed an "advance" or contribution subject to the Act's $1,000 contribution limitation for individuals. No provisions in either the Act or its implementing regulations contradicts this result. Because Mr. Thomas has received reimbursement from the Committee for the expenses he incurred on its behalf, no contribution ever arose.

The General Counsel's Brief disputes this result. In the General Counsel's opinion, for Mr. Thomas to have avoided a violation of the Act's contribution limitations "he would have had to obtain either an advance of funds from the Committee with which he could pay the bills incurred, or he could have billed the expenses he incurred to the Committee by using a committee credit card." See General Counsel's brief at p.7. The General Counsel's analysis is in error. The recent disposition of the treatment of campaign advances at issue in MUR 1349 evidences this fact. Accordingly, it is appropriate for the Commission resolve this case in a manner similar to that done in MUR 1349.

CONCLUSION

Based on the above factual and legal discussion it is respectfully requested that no further action be taken in this matter and that the files in this case be closed.

Sincerely,

Edward L. Weidenfeld

considered an "advance" subject to the Act's $1,000 contribution limit for individuals.

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WRITER'S DIRECT DIAL NUMBER
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April 16, 1982

Ms. Majorie W. Emmons
Secretary to the Commission
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1360: Matter of Forrest C. Lattner

Dear Ms. Emmons:

In accordance with the procedures of the Federal Election Commission ("Commission") set forth at 11 C.F.R. § 111.16,*/ counsel for Forrest C. Lattner hereby responds to the General Counsel's letter of March 18, 1982. In that letter, the General Counsel recommended that the Commission find probable cause to believe that Mr. Lattner violated 2 U.S.C. § 441(a)(1)(A) by making a contribution to the Reagan for President Committee ("Committee") in excess of $1,000. Based upon the following

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*/ Pursuant to 11 C.F.R. § 111.16(c), ten copies of Mr. Lattner's response are enclosed. Three copies of this response have also been furnished to the Office of the General Counsel.

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factual and legal discussion, and Mr. Lattner's previous response submitted to the Commission by letter dated November 16, 1981, it is respectfully requested that the Commission take no further action against Mr. Lattner and close its files in this matter.

FACTS

During the 1980 Presidential primary campaign, Mr. Lattner, who is eighty years of age, contributed $2,500 to the Reagan for President Committee. The Committee, upon discovering the apparent excess, notified Mr. Lattner of the law's $1,000 contribution limitation for individuals and refunded $1,500 to him. Mr. Lattner thereafter notified the Committee that it was his wife's and his intention to each contribute $1,000. Upon receipt of this notification, the Committee refunded $500 to Mr. Lattner.

DISCUSSION

The General Counsel's Brief does not acknowledge Mrs. Lattner's portion of the contribution at issue in this case, thereby attributing a total excessive contribution of $1,500 to Mr. Lattner. The General Counsel's Brief also expresses the view that even though all excess contributions have been refunded to Mr. Lattner by the Committee, this is nevertheless an appropriate case for the Commission to find probable cause that Mr. Lattner violated the Federal Election Campaign Act of 1971, as amended ("the Act"). Based upon the following discussion, it is respectfully requested that the Commission reconsider the General Counsel's recommendation and take no further action in this matter.

1. Attribution

With respect to Mr. and Mrs. Lattner's intended attribution of their contribution to the Reagan campaign, past Commission determinations in analagous situations indicate that no further action against Mr. Lattner is appropriate. For example, in MUR 965(79) a contributor was cited by the Commission for exceeding his $1,000 contribution limit. In response to this charge, the contributor "claimed that both he and his wife gave jointly and that he thought he divided up their contributions so that neither had exceeded $1,000." See General Counsel's Report dated July 11, 1979. In view of the contributor's explanation concerning the excessive contributions and the evidence he provided, the General Counsel recommended that the Commission rescind its previous finding. The Commission unanimously adopted this recommendation and the contributor was subsequently informed

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that there was "no reasonable cause to believe" he violated 2 U.S.C. § 441a (a)(1)(A) in connection with the excessive contributions he gave to the committee. See Letter from General Counsel dated September 20, 1979.

The circumstances involved in MUR 654(78) are also analogous to Mr. Lattner's case. In that action, the Commission determined there was "reason to believe" the contributor violated § 441a(a)(1)(A) by making excessive contributions to a candidate's principal campaign committee. The contributor thereafter explained that his contribution was actually a "joint contribution shared with his wife . . . ." See General Counsel's Report dated November 15, 1978. In accordance with this explanation, the General Counsel's Report considered the contribution equally divided between the contributor and his wife, thereby rendering each of them within their $1,000 limit. The Commission subsequently voted unaminously to take no further action against the contributor and closed its files in the matter.

In response to the Commission's initial determination that Mr. Lattner may have violated § 441a(a)(1)(A), explanations similar to those provided by the contributors in MUR 965(79) and MUR 654(78) have been submitted on behalf of Mr. Lattner for the Commission's consideration. In light of those explanations, therefore, and considering the precedent cited above, it is appropriate in this instance for the Commission to acknowledge Mr. Lattner's intended attribution and resolve this case in a manner similar to that done in MUR 965(79) and MUR 654(78).

2. Statutory Objective of Conciliation

Aside from the fact that Mr. Lattner's contribution to the Committee was intended to be from both him and his wife, serious consideration must be given to the statutory purpose that would be advanced by finding Mr. Lattner in violation of the Act's contribution limitations. Because this statute is designed to promote the principles of voluntary compliance, the conciliation process it provides for is specifically aimed at correcting contribution violations, not punishing those who may have unknowingly committed an error. See H.R. Rep. No. 97-30, 97th Cong., 1st Sess. 2 (May 7, 1981).

The contribution at issue in this case was made by an eighty year old gentleman who never intended to contribute more than was legally permissible. Mr. Lattner is now aware of the contribution limitations applicable to individuals and given this knowledge can be expected to comply with such limitations in the future. As such, no purpose would be served by a "probable

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cause" finding. Accordingly, in light of Mr. Lattners' clearly innocent error, and the potential chilling impact further Commission action might have on Mr. Lattner's participation in future political activities, it is appropriate that no further action be taken in this matter.

CONCLUSION

In light of the above factual and legal discussion, it is respectfully requested that the Commission take no further action against Mr. Lattner and that the files in this matter be closed.

Sincerely,

Edward L. Weidenfeld

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FROM
McKENNA, CONNER & CUNEO
1575 EYE STREET, NORTHWEST
WASHINGTON, D. C. 20005

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

BY HAND

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 16, 1982

Maureen Duignan
McKenna, Conner and Cuneo
1575 Eye Street, N.W.
Washington, D.C. 20005

Re: MUR 1360

Dear Ms. Duignan:

This is in response to your letter dated April 14, 1982, in which you request on behalf of your client, Thomas Trainer, a four day extension of time to respond to the General Counsel's Brief. I have reviewed your request and agree to the additional extension. The response of your client is due, therefore, on April 20, 1982.

If you have any questions, please contact Maura White at 202-523-4057.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 15, 1982

B. D. Gilbert
100 East 42nd Street
New York, New York 10017

Re: MUR 1360

Dear Mr. Gilbert:

This is in reference to your letter dated April 2, 1982, in which you request a 20 day extension of time in which to respond to the General Counsel's Brief in the above-captioned matter.

Considering the Commission's responsibilities to act expeditiously in the conduct of investigations, we cannot agree to a 20 day extension of time. A 10 day extension is, however, granted. Your response is due, therefore, on April 23, 1982.

If you have any questions, please contact Maura White at 202-523-4057.

Sincerely,

Charles N. Steele
General Counsel

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

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BCC # 7542

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ROBERT E. GREGG*
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JOE G. HOLLINGSWORTH*
TERRY O. KELLY
BERNARD KOLSON
MARTIN H. KRESSE†
EDWIN N. LOWE†
ROBERT A. MANGRUM*
ELLEN R. MARSHALL
MICHAEL A. McANDREWS
ORVILLE W. McCARROLL
WILLIAM F. McKENNA
LANE L. McVEY*
CHARLES G. MILLER†
CHARLES A. O'CONNOR, III*
JOHN S. PACHTER*
AARON M. PECK†
RAYMOND S.E. PUSHKAR*
NORMAN H. RAIDEN
DOUGLAS M. RAWLINGS†
MICHAEL ROSTER
MARTIN S. SCHWARTZ†
HARVEY G. SHERZER*
I. BRUCE SPEISER†
WILLIAM J. SPRIGGS*
JEFFREY E. STEINER†
JAMES R. WALTHER†
EDWARD L. WEIDENFELD*
KENNETH W. WEINSTEIN*
LES J. WEINSTEIN
BUEL WHITE*
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CHARLES E. YORKERS*

COUNSEL

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ALBERT L. REEVES*
ALBERT M. COLE*
MAX GOLDEN*†
JOEL P. SHEDD*
RICHARD J. PERRY, JR.*†

ASHLEY SELLERS (1902-1977)
GILBERT A. CUNEO (1913-1978)

SUSAN S. ARMSTRONG*
DAVID M. AXELRAD†
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JULIE FOX BLACKSHAW*
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MARY C. DELANEY†
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KAREN E. EBEL*
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THOMAS A. LENNER*
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FREDERIC M. LEVY*
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C. STEVEN McMURRY†
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ANTHONY N. PALLADINO*
THOMAS C. PAPSON*
BARBARA A. POTASHNICK†
ARTURO SIDA†
ARTHUR F. SILBERGELD†
SARA J. SMITH†
SABRINA A. STANLEY*
MARTIN E. STEERE†
DEL STILTNER*
JERRY STOUCK*
BONNIE A. SULLIVAN*
JEFFREY A. TISDALE†
STEPHANIE TSACOUMIS*
CURTIS ULLMAN†
CHRISTIAN VOLZ*
CHARLES E. WASHBURN, JR.*
ROBERT M. WAXMAN†
BRYAN S. WHITE†
LOUISE P. WISE*
RENE YOSHIDA†
DEAN J. ZIPSER†

*NOT ADMITTED IN CALIFORNIA
†NOT ADMITTED IN D.C.

WRITER'S DIRECT DIAL NUMBER
(202) 789- 7566

April 14, 1982

Scott Thomas, Esquire
Office of the General Counsel
Federal Election Commission
1325 K Street, NW
Washington, D.C. 20005

Re: MUR 1360: Matter of Thomas Trainer

Dear Scott:

Pursuant to our conversation earlier today, this is to formally request additional time in which to file a response to the General Counsel's "probable cause" recommendation in the above-captioned matter. We have only recently been contacted by Mr. Trainer to represent him in this matter.

In our initial review of his case, question has arisen concerning the identification of the contribution checks at issue, copies of which we have sent to Mr. Trainer for his review. Because it will not be possible to obtain a response from Mr. Trainer by this Friday, April 16, 1982, we request an extension until April 20, 1982 to file a response on his behalf.

Your cooperation in this matter is most appreciated.

Sincerely,

Maureen Duignan

MD/kb

LAW OFFICES
McKENNA, CONNER & CUNEO
1575 EYE STREET, N.W.
WASHINGTON, D.C. 20005

Scott Thomas, Esquire
Office of the General Counsel
Federal Election Commission
1325 K Street, NW
Washington, D.C. 20005

8504038076

RECEIVED
Ccc#
82 APR 8 A11 : 53

T. W. Trainer

April 7, 1982

Maura White
Federal Election Commission
1325 K Street NW
Washington, D.C. 20463

Dear Ms. White:

I have selected Ms. Maureen Degnin of McKenna, Conner & Cuneo to represent me in the pending litigation (Mur 1360). Please have copies of all correspondence regarding this matter forwarded to Ms. Degnin and Edward L. Weindenfeld, 1575 Eye Street NW, Washington, D.C. 20005.

Sincerely,

T.W. Trainer

8304038075 3

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 6, 1982

Thomas Lemmer
McKenna, Conner, and Cuneo
1575 Eye Street, N.W.
Washington, D.C. 20005

Re: MUR 1360

Dear Mr. Lemmer:

This is in reference to your letter dated March 31, 1982, in which you request a 20 day extension of time in which to respond to the General Counsel's Briefs in the above-captioned matter.

Considering the Commission's responsibilities to act expeditiously in the conduct of investigations, we cannot agree to a 20 day extension of time. A 10 day extension is, however, granted. The responses of your clients are due, therefore, on April 16, 1982.

If you have any questions, please contact Maura White at 202-523-4057.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

8304058075

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 6, 1982

Maureen Duignan
McKenna, Conner and Cuneo
1575 Eye Street, N.W.
Washington, D.C. 20005

Re: MUR 1360

Dear Ms. Duignan:

Enclosed please find a copy of the General Counsel's Factual and Legal Analysis which accompanied notification of the Commission's reason to believe finding, and a copy of the General Counsel's Brief to Thomas Trainer. It is my understanding that you will represent Mr. Trainer in this matter, and that a letter of representation will be sent to this office as soon as possible.

If you have any questions please contact Maura White at 202-523-4057.

Sincerely,

Scott E. Thomas
Assistant General Counsel

8204039735

201059 RECEIVED
Doc # 7490
82 APR 6 AM : 46

B. D. GILBERT

100 EAST 42ND STREET
NEW YORK, N. Y. 10017
(212) 986-3730
CABLE - BENDEGIL
NEW YORK

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

April 2, 1982

82 APR 6 P2:38

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

RE: MUR 1360

Dear Mr. Steele:

This letter is in response to your letter of March 18, 1982. As your letter and accompanying brief discuss, and I acknowledge, my campaign contributions to the Reagan for President Committee (the Committee) apparently exceeded limitations on individual contributions to a candidate and his authorized political committees as set forth in 2 U.S.C. §441a(a) (1) (A).

As noted in my October 13, 1981, response to the Commission, I was entirely unaware that my second contribution to the Committee was in violation of the federal election laws or of any Commission rule or opinion. I am in my mid-seventies and would not have knowingly or intentionally exceeded my lawful limit on contributions to any candidate or committee. In making my contributions at the time I made the contributions in issue, I held two assumptions with respect not only to those contributions, but to campaign contributions in general.

First, I assumed that the recipient committee, on receiving campaign contributions, would make a determination as to the legality of such contributions, that is, whether the contribution is or is not within the limits set by the election laws. Secondly, I assumed that if a contribution were found by the committee to be in excess of legal limits, or otherwise impermissable, the committee would return such contribution to its donor, and would do so in a timely fashion.

Im making these assumptions, I understandably relied on the Committee's thorough understanding of the federal election laws and its detailed records on contributors and contributions to make an informed judgment and determination as to the propriety of contributions.

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82 APR 6 A11 : 46

Therefore, it was my assumption, when making my contribution, that it was entirely permissable and within the limits of the law. Not until receipt of notice from the Committee (or Commission) did I have reason to question my assumption of propriety. The inaccuracy of my assumption has now been explained and I have been informed regarding the details of the restrictions imposed by the federal election laws on my contributions. May I therefore respectfully request that your docket MUR 1360 be dismissed and that your brief to the Commission in this matter be withdrawn.

If you find you cannot withdraw this brief in spite of the above circumstances, then I would request an extension of time in this matter of twenty days.

I have no proof of the matter but would surmise that the $2,000 contribution was made $1,000 from my wife, now dead, and $1,000 from me.

Very truly yours,

B.D. Gilbert

B. D. Gilbert

BDG:hfe

2040307

RECEIVED
82 APR 6 AM : 46

B. D. GILBERT

100 EAST 42ND STREET
NEW YORK, N. Y. 10017
(212) 986-3730
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NEW YORK

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

April 2, 1982

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

RE: MUR 1360

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If you find you cannot withdraw this brief in spite of the above circumstances, then I would request an extension of time in this matter of twenty days.

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Very truly yours,

B. D. Gilbert

BDG:hfe

3304018077

B. D. GILBERT
100 EAST 42ND STREET
NEW YORK, N. Y. 10017

83040380271

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr. Charles N. Steele

General Counsel

Federal Election Commission

Washington, D. C. 20463

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1920 HILLS TOWER
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SAN FRANCISCO, CALIFORNIA 94104
(415) 433-0640

THOMAS A. LEMMER

WRITER'S DIRECT DIAL NUMBER
(202) 789- 7651

BY HAND

March 31, 1982

Charles N. Steele, Esq.
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20005

82 MAR 31 P4:23

Re: MUR 1360

Dear Mr. Steele:

In accordance with a phone conversation with Ms. Maura White this afternoon, we request a twenty-day extension for the filing of briefs in response to the General Counsel's recommendation of probable cause in MUR 1360. We request this extension on behalf of our clients:

The Reagan for President Committee
Tommy Thomas Chevrolet
Mr. Peter Hon
Mr. Forrest Lattner

This extension is requested because of continuing efforts related to and the absence from the office because of business travel of several attorneys working on this matter.

Your prompt consideration of this request is appreciated.

Sincerely,

Thomas A. Lemmer

TAL:dac

cc: Ms. M. White

LAW OFFICES
McKENNA, CONNER & CUNEO
1575 EYE STREET, N.W.
WASHINGTON, D.C. 20005

83040330077

Ms. Maura White
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20005

LAW OFFICES
McKENNA, CONNER & CUNEO
1575 EYE STREET, N.W.
WASHINGTON, D.C. 20005

83040580774

Charles N. Steele, Esq.
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20005

March 18, 1982

MEMORANDUM TO: Marjorie Emmons

FROM: Steven Barndollar

SUBJECT: MMRr1360

Please have the attached Memo and Briefs distributed to the Commission on an informational basis. Thank you.

8304080077

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

82 MAR 18 P4: 10

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 18, 1982

MEMORANDUM TO: The Commission

FROM: Charles N. Steele
General Counsel

SUBJECT: MUR 1360
(Reagan for President Committee, Tommy Thomas Chevrolet Co., Inc., Forrest Lattner, Peter Hon, William Manning, B.D. Gilbert, and Thomas Trainer)

Attached for the Commission's review are seven briefs which state the position of the General Counsel on the legal and factual issues of the above-captioned matter. A copy of each brief and a letter notifying each respondent of the General Counsel's intent to recommend to the Commission a finding of probable cause to believe was mailed on March 18, 1982. Following the receipt of each of the respondents' replies to the notice, this Office will make a further report to the Commission.

Attachments
1. Briefs (7)
2. Letters (4)

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 18, 1982

Edward Weidenfeld
Maureen Duignan
McKenna, Conner, and Cuneo
1575 Eye Street, N.W.
Washington, D.C. 20005

Re: MUR 1360
Reagan for President Committee, Tommy Thomas Chevrolet, Peter Hon, Forrest Lattner

Dear Mr. Weidenfeld and Ms. Duignan:

On September 22, 1981, the Commission found reason to believe that your clients, the Reagan for President Committee, Tommy Thomas Chevrolet Co., Inc., Peter Hon, and Forrest Lattner, had violated certain provisions of the Federal Election Campaign Act of 1971, as amended, ("the Act"), and instituted an investigation in this matter. After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that each of your clients violated the Act.

Submitted for your review are four briefs which state 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 each 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 with respect to each of your clients.

If you are unable to file responsive briefs within 15 days you may submit a written request to the Commission for an extension of time in which to file. The Commission will not grant any extensions beyond 20 days.

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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, with respect to each of the respondents, through a conciliation agreement.

Should you have any questions, please contact Maura White at (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

Enclosures
Briefs (4)

8304380776

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Reagan for President) MUR 1360
Committee)

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

This matter was referred to the Office of General Counsel by the Audit Division based upon information obtained during an audit of the Reagan for President Committee ("Committee"). On September 22, 1981, the Commission determined that there is reason to believe the Committee violated 2 U.S.C. §§ 441a(f), 441b(a), and 434(b)(8). Notification of the Commission's finding was mailed to the Committee on September 29, 1981. Counsel for the Committee submitted a response on November 17, 1981.

(a) Receipt of Excessive Contributions from Individuals

With respect to apparent violations of 2 U.S.C. § 441a(f), 1/ the response submitted by the Committee

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1/ The General Counsel's factual and legal analysis which accompanied notification of the Commission's reason to believe finding stated that the Committee appeared to have accepted excessive contributions from 259 individuals totalling $100,379.94. However, additional information obtained in the course of this investigation indicates that the Committee accepted excessive contributions totalling $99,354.94, rather than $100,379.94, from 259 individuals. See Attachment. Of this amount in excess, the Committee appears to have refunded contributions totalling $56,080.94, reapportioned contributions totalling $40,349, and provided
(cont'd. next page)

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states that the Commission's finding is incorrect because "the Committee did not knowingly accept any prohibited contribution and, therefore, did not violate 2 U.S.C. § 441a(f)." The response argues that "[t]o establish a violation of 2 U.S.C. § 441a(f), the General Counsel must show that the Committee: 1) accepted a contribution; 2) knowing the contribution to be in violation of 2 U.S.C. § 441a." Furthermore, it is argued that "[a]cceptance occurs at the time a contribution is deposited," that to violate 2 U.S.C. § 441a(f) "the Committee must have known at the time of deposit that the contribution violated one of the limits set forth in 2 U.S.C. § 441a," 2/ and that "[a]ny knowledge gained after deposit is irrelevant to establish

---

1/ cont'd.
no response concerning $2,925 in excessive contributions. Moreover, documentation was provided for only $51,675.94 of the $56,080.94 apparently refunded, and for $28,529 of the $40,349 apparently reapportioned; of the documentation of refunds ($51,675.94) only $34,477.44 constituted full documentation. Additionally, it should be noted that while all the refunds issued have been included in the above amount refunded, the Committee's October 10, 1981, and 1981 year-end filings report that refund payments totalling $8,290 have been stopped.

2/ The response contends that the laws prohibiting the receipt of stolen property are analagous to the wording of 2 U.S.C. § 441a(f), and that "[c]ases interpreting these statutes hold that to be guilty of receiving stolen property, an individual must know at the time of receipt of the property that the property was stolen." In addition, the response states that "[k]nowledge gained later that the property was stolen may establish the crime of possession of stolen property, but it does not establish the crime of receiving stolen property."

a violation of 2 U.S.C. § 441a(f)." 3/

The Committee argues that the word "knowingly" is not defined by either the Federal Election Campaign Act, the Presidential Election Campaign Fund Act, or implementing regulations, but that "[i]n general, case law finds a knowing violation when a person is shown to have knowledge of all of the facts which establish a violation." Counsel supports its argument by citing the district court's decision in the case Federal Election Commission v. California Medical Association, 502 F. Supp. 196 (N.D. Cal. 1980), which, according to counsel, affirms its position "that for a knowing violation to occur, all facts which establish the violation must have been known." However, it is further argued that a "knowing violation will not occur ... because of a failure to become aware of all the facts which establish a violation through inadvertance or negligence," and, therefore, "even if it is assumed that because of system inadequacies the Committee did not know at the time of acceptance that a contribution exceeded the $1,000 limitation, a violation of 2 U.S.C. § 441a(f) cannot be found."

3/It is argued that "[k]nowledge gained after acceptance (deposit) may be relevant to establishing compliance with 11 C.F.R. § 103.3(b)," but the provision is "irrelevant to finding a violation of 2 U.S.C. § 441a(f), and, moreover, the General Counsel did not determine that the Committee violated 11 C.F.R. § 103.3(b)."

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In support of its contention that 11 C.F.R. § 103.3 is irrelevant to establishing a violation of 2 U.S.C. § 441a(f), counsel argues that the regulation has "no effect on or relationship to 2 U.S.C. § 441a(f)" because the heading to § 103.3 "purports only to implement 2 U.S.C. § 432(h)(1)." Counsel argues, however, that "any conclusion by the General Counsel or the Commission that the Committee was in violation of 11 C.F.R. § 103.3(b) is improper" since the Committee "used its best efforts in screening contributions and refunded appropriate contributions within a reasonable time and otherwise fully complied with 11 C.F.R. § 103.3(b)." 4/

4/ Case law is relied upon to define the term "best efforts." The response maintains that "best efforts" like reasonable care" is a term which "necessarily takes its meaning from the circumstances" and "[w]hat courts appear to look for in the circumstances is a reasonable or good faith effort to do that which the party is capable of doing to fulfill its responsibilities."

8040380793

In determining if the Committee used its best efforts in refunding excess contributions, the respondent argues that "the circumstances involved must be examined." The circumstances, according to the response, are that: thousands of contributions were received during the campaign; certain procedures were used to prevent the retention of excess contributions; and, upon confirmation of an excessive contribution, reattributions were made "when appropriate" and "necessary refunds were made as promptly as possible."5/ The response also concludes that the procedures themselves "demonstrate that the Committee implemented reasonable systems and made a good faith effort to comply with all laws and regulations" and that the "amount of contributions actually reapportioned or refunded upon discovery that certain contributions were or may have been improper further evidences the Committee's good faith efforts." 6/

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5/ The response included a brief description of the procedures used to prevent the retention of excess contributions. According to the response, records of each contribution were created and entered into a computer system by contributor name, and the "system was programmed to match current contributions with prior contributions to establish the total amounts contributed by name." Moreover, "[r]eports were generated periodically identifying contributors exceeding the $1,000 limitation."

6/ The response cites the amounts refunded and reapportioned, as stated on page two of the General Counsel's Factual and Legal Analysis which accompanied notification of the Commission's reason to believe finding in this matter.

The Committee also contends that it complied with the requirement of 11 C.F.R. § 103.3(b) that contributions which are or cannot be determined to be legal must be refunded within a reasonable time. "Reasonable time" is referred to as a question of law and one which depends upon all of "'the circumstances of the particular case'." The response states that the circumstances usually found crucial to determining reasonable time include what a person of ordinary diligence and prudence would do in similar circumstances, prior experience, and the standards of performance in the industry. In view of the "magnitude of contributions received," the "adequacy of the Committee's system for determining contributions requiring a refund," other "compliance and operational demands upon the accounting and computer systems," the need to "verify internally reported excess contributions prior to contacting the contributor," and the "time required to correspond with a contributor who appeared to have exceeded the $1,000 limit," it is the position of the Committee that it refunded excess contributions within a reasonable time.

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(b) Receipt of a Corporate Contribution from Tommy Thomas Chevrolet Co., Inc.,

With respect to the Committee's apparent receipt of a contribution from Tommy Thomas Chevrolet Co., Inc. ("TTCC"), 7/ it is the contention of the Committee that a violation of the Act did not occur. The argument propounded by the respondent's counsel is three-fold: first, that the monies expended by Mr. Thomas on behalf of the Committee did not represent contributions by TTCC, second, that the expenses were incurred in the ordinary course of the

---

7/ Luther Thomas, the Florida State Chairman for the Reagan campaign, incurred expenses totalling $9,466.60 on behalf of the Committee during the period of April 3, 1979, through August 26, 1980; the expenses were for such costs as hotels, meals, car rentals, telephones, and airfare. While the expenses were incurred on the personal credit cards of Mr. Thomas, the bills were paid by TTCC. TTCC sought reimbursement of $9,466.60 from the Committee on September 30, 1980; on February 12, 1981, Mr. Thomas was reimbursed in the amount of $9,180.29.

The Committee's recitation of the facts of this matter notes that Mr. Thomas' charges were accumulated and recorded by Mr. Thomas' bookkeeper at TTCC, and that when Mr. Thomas received his credit card bills, the "expense chits identified to Committee activities were forwarded to the Committee for reimbursement." In addition, it is noted that the Committee reimbursed Mr. Thomas on April 27, 1979, after receiving an initial request for reimbursement on April 11, 1979. (The July 10, 1979, filing of the Committee reports an expenditure of $697.77 to L. E. Thomas on April 19, 1979, for "air fare, lodging, etc.") Thereafter, however, no further reimbursement was made to "Mr. Thomas until February 1981 despite periodic requests for reimbursement apparently because "Mr. Thomas' file was misplaced during the Committee's move [from] California."

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corporation's business, and, third, that the Committee did not knowingly accept a contribution in violation of 2 U.S.C. § 441b(a).

Concerning the Committee's first argument, that the monies expended were not contributions by TTCC, the response contends that the expenses were incurred by Mr. Thomas in performance of his duties as Florida State Chairman, and "the fact that [TTCC] paid [the] expenses on behalf of Mr. Thomas does not change the fact that they were [the] expenses of Mr. Thomas." Moreover, it is argued that since TTCC "was not involved in any of the activities, except possibly through inadvertance," there is "no justification" to find that TTCC advanced money to Committee solely because "Mr. Thomas' wholly-owned corporation administered his personal accounts (i.e. accounted for and paid for these expenses pending reimbursement)." 8/

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8/ It is also argued that:

> To find that [TTCC] made an advance to the Committee ignores reality. American Express accounts must be paid within thirty days. The Committee through apparent inadvertance failed to reimburse Mr. Thomas on a timely basis. That Mr. Thomas paid these bills prior to reimbursement is, therefore, not suprising, and the fact that [TTCC] wrote the checks to American Express simply indicates no more than it was convenient for Mr. Thomas to record and pay his travel expenses through his wholly-owned corporation. (emphasis added).

In support of its contention that TTCC did not extend credit to the Committee outside of the ordinary course of its business, counsel cites 11 C.F.R. § 100.7(a)(4) and argues that the meaning of the term "advance" is limited to the extension of credit by any person for a length of time beyond normal business or trade practice. It is further argued that "[t]he term 'normal business or trade practice' modifies the length of time for extending credit and does not, as the General Counsel asserts, refer to the nature of the business conducted." According to the Committee, "under 11 C.F.R. § 100.7(a)(4) only the time within which a corporation sought and received reimbursement is at issue in determining whether the extension of credit constitutes an advance and thus a contribution," and TTCC "did not extend credit to the Committee for any length of time beyond its normal business practice." 9/ Furthermore, it is argued that "case law supports the conclusion that because [TTCC] had no donative intent when it allegedly incurred the

---

9/ The response states that the efforts made by TTCC to obtain payment bring the corporation "into compliance with the provisions of 11 C.F.R. § 100.7(a)(4) since it made a 'commercially reasonable attempt to collect the debt at issue'."

expenses, it will be implied that the actions were made in the ordinary course of business."

Finally, with respect to its third argument, that the Committee did not knowingly accept a contribution from TTCC, the Committee's reply insists that "the only knowledge possessed by the Committee was that Mr. Thomas incurred expenses ... and that requests for reimbursement were submitted by or on behalf of Mr. Thomas." 10/ Equally applicable here, the Committee's response maintains, is its earlier discussion of the terms "'knowingly,' 'accepted,' and what must be known at the time of acceptance." The argument concludes, therefore, that "it is clear that the Committee did not know all of the facts necessary to establish that it may have received a contribution from a corporation, and without such knowledge, a knowing acceptance and a violation of 2 U.S.C. § 441b(a) cannot be found."

10/ It is asserted that "[l]etters which might have been received and which may have borne [TTCC's] letterhead were not sufficient to change" the Committee's knowledge that Mr. Thomas incurred expenses performing his duties as State Chairman and that he expected reimbursement for the expenses.

(c) Reporting of Debts and Obligations in Regard to Tommy Thomas Chevrolet Co., Inc.

It is the view of the Committee that it did not violate 2 U.S.C. § 434(b)(8) because the "obligation reflected on the Committee's books resulted from the Committee's understanding that the expenses were to be and were in fact incurred by Mr. Thomas," and because to "the Committee's knowledge and belief, [TTCC] had no relationship with the Committee." 11/ Thus, it is argued that to the "Committee's knowledge and in the exercise of its best efforts, the Committee's only obligation was to reimburse Mr. Thomas for the expenses he incurred on behalf of the Committee and the recording of an obligation to Mr. Thomas was correct." Assuming that the September 1981 reimbursement request from TTCC should have altered the Committee's understanding as to whom the debt was owed, the Committee's response maintains that the failure to rectify its books was an "inadvertant mistake" which in no way indicated that the Committee was not making its best efforts to comply with the reporting

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11/ The 10 day pre-general election report, the 30 day post-general election report, and the 1980 Year-End report filed by the Committee report a debt of $9,466.60 to Tommy Thomas, the individual, rather than to TTCC; the date of the debt is reported as September 30, 1980 and the nature as "travel expense." The April 15, 1981, report of the Committee reported an expenditure of $9,180.29 to Tommy Thomas on February 12, 1981, as reimbursement for travel expenses.

requirements."

A final argument raised by counsel is that the identification of the entity to whom an obligation is owed is not required by statute or regulation, and, therefore, the "Committee's alleged failure to properly report the identity of a creditor does not create a violation of 2 U.S.C. § 434(b)(8)." The Committee supports its position by stating that the legislative history of the Act "clearly indicates" that the Commission is limited to administering 2 U.S.C. 431 et seq. and 26 U.S.C. § 9001 et seq. only through formally promulgated regulations, and, therefore, the reporting forms "are not binding because they are not formally promulgated rules or regulations."

II. Legal Analysis

(a) Excessive Contributions from Individuals

Section 44la(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000. Section 44la(f) further prohibits any political committee from knowingly accepting any contribution in violation of the contribution limitations.

The term "contribution" is defined at 2 U.S.C. § 431(8)(A)(i) to include any gift, subscription,

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loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for federal office.

Section 103.3(b)(1) of Commission Regulations provides that contributions which appear to be illegal shall within 10 days, be either returned to the contributor or deposited into a campaign depository and reported. If deposited, the committee treasurer shall make and retain a written record noting the basis for the appearance of illegality. A statement noting that the legality of the contribution is in question should be included in the report. Moreover, the treasurer is required to make his or her best efforts to determine the legality of the contribution. Id. Pursuant to 11 C.F.R. § 103.3(b)(2), when a contribution cannot be determined to be legal, refunds shall be made within a reasonable time, and the treasurer shall note the refund by amending the current report or noting the change on the committee's next required report.

As set forth in 11 C.F.R. § 104.8(d) (former § 104.5(e)), a contribution which represents contributions by more than one person shall indicate on the written instrument, or on an accompanying written statement signed by all contributors, the amount to be attributed to each contributor. Pursuant to 11 C.F.R. § 9034.2(c)(1), in the

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case of a check drawn on a joint checking account the contributor is considered to be the owner whose signature appears on the check. To be attributed equally to other joint tenants of the account, the check or other accompanying written document shall contain the signatures of the joint tenants. Id.

In support of its contention that it did not violate § 441a(f) the Committee puts forth several contradictory arguments. Initially it is argued that the term "knowingly accept" means knowledge that the acceptance is in violation of law, but then the Committee cites for support a district court decision based upon the statutory provision at issue which held that knowledge of the facts alone is sufficient to create liability under § 441a(f). The arguments are incongruous in the General Counsel's view. It is also argued that if the Committee's aggregation system was inadequate, the Committee cannot be found to have violated the law.

The Committee's initial narrow interpretation of the term "knowingly" is inconsistent with the statute's legislative history, and contrary to the purpose, of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Act clearly distinguishes betweeen "knowing" violations of law (see 2 U.S.C. §§ 441a(f), 441b(a), and

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441f) and "knowing and willful" violations (see 2 U.S.C. § 437g(a)(5)(B) and (6)(C)). The legislative history of the 1976 amendments demonstrates that Congress intended that there be a fundamental difference between these two standards. The remarks of Congressman Hays during the House debates on the Conference Report expresses this intention:

> Perhaps the most important phrase used in the enforcement section is " knowing and willful." As explained in House Report No. 94-917, that phrase refers to actions taken with full knowledge of all of the facts and a recognition that the action is prohibited by law (emphasis added).

122 Cong. Rec. H3778 (daily ed. May 3, 1976) (remarks of Congressman Hays). Mr. Hay's interpretation of the phrase is a reflection of the House Report (No. 94-917) which stated without qualification:

> The bill [H.R. 12406] distinguishes between violations of the law as to which there is not a specific wrongful intent which are subject to injunctive relief and civil penalties of up to $5,000 or the amount in question, whichever is greater, and violations as to which the Commission has clear and convincing proof that the acts were committed with a knowledge of all the relevant facts and a recognition that the action is prohibited by law, which are subject to injunctive relief and a penalty of $10,000 or twice the amount in question (emphasis added).

H. R. Rep. No. 94-917, 94th Cong., 2d Sess. 4-5 (1976). Thus, there are two distinct standards; a "knowing and willful" one, where there is knowledge that the action involved is in violation of the law, and a "knowing"

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standard, where no such knowledge is necessary.

It is the position of the General Counsel that the Committee's argument, that a violation of 2 U.S.C. § 441a(f) can only be found if it knew at the time of its acceptance of the contributions at issue that the contributions exceeded the limitations, is without merit. In the General Counsel's view, a violation of § 441a(f) may be found when it is demonstrated that the party knew all of the facts involved. This interpretation of the term "knowingly," as used in § 441a(f), was upheld by the district court in Federal Election Commission v. California Medical Association, 502 F. Supp. 196 (N.D. Cal. 1980). The opinion of the district court stated:

> The record clearly establishes that CALPAC knew that CMA was paying for its operating and administrative expenses and that CALPAC voluntarily and intentionally accepted CMA's in-kind payments. That CALPAC did not know whether in-kind contributions by unincorporated associations were subject to the $5,000 limit, a fact which no one "knew" until the Ninth Circuit's decision was handed down on May 23, 1980, does not save it from liability. CALPAC knew the facts (accepting in-kind contributions exceeding $5,000 from CMA) which rendered its conduct unlawful. Such knowledge is sufficient to create civil liability under 2 U.S.C. § 441a(f) (emphasis added).

Thus, in CMA the court found that to be liable under § 441a(f), a party must only know that it received the contributions at issue, and not that the contributions exceeded the limitations in violation of the law.

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In the instant matter the Committee plainly knew the facts -- that it accepted the contributions at issue herein. Such knowledge is documented within the Committee's internal records which were reviewed during the audit, and by the Committee's reporting of these contributions to the Commission. In addition, beginning with the 1979 Year-End Report, the Committee identified on its reports various contributors who it believed may have exceeded the contribution limitations. Next to the name of the contributor, the Committee's reports stated: "This contribution may exceed [the] limit, is being reviewed and if in excess will be refunded." Importantly, after noting its receipt of these apparent excessive contributions, the Committee did not refund or reapportion the contributions in certain instances for as long as one year thereafter, and continued to accept additional contributions from the individuals so noted. 12/ Hence, it cannot be argued that the Committee did not know the facts of the matter as it reported apparent excessive contributions to the Commission.

12/ The 1979 Year-End Report stated that excessive contributions from two individuals would be refunded in February, 1980, but the refunds were not made until August, 1980, and December, 1980, respectively.

In any event, the Committee had a positive duty to aggregate the contributions it received from each contributor (see 2 U.S.C. §§ 441a(a)(1)(A) and 441a(f)) and failure to do so, either accurately or timely, cannot be construed as the Committee not knowing all of the facts of the matter, in the General Counsel's view. Indeed, the court in one of the cases cited by the Committee in support of its argument, United States v. Jewell, 532 F.2d 697 (9th Cir. 1976), quotes leading authorities to the effect that in criminal law the deliberate closing of one's eyes to available knowledge has been deemed to be the equivalent of the possession of actual knowledge. Although the present issue involves civil law only, the principle remains the same. The fact that the Committee knew that it was accepting contributions which it was under a duty to aggregate with other contributions from the same person supports a finding of a violation of § 441a(f) when actual excessive contributions are determined to have been accepted.

While the Committee also argues that 11 C.F.R. § 103.3(b) and its requirement that illegal contributions be refunded within a "reasonable time" is inapplicable to the present issue because the regulatory section heading in the Code of Federal Regulations is followed by a citation to 2 U.S.C. § 432(h)(1) which concerns campaign depositories, the General Counsel finds that this argument represents a

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misunderstanding of the significance of the statutory citation and totally ignores both the clear language of the regulation which was first prescribed in 1977 and the discussion of that regulation in the Commission's Explanation and Justification which accompanied the 1977 regulations. The statutory citation to § 432(h)(1) appears only in the Code of Federal Regulations, not in the official version of the regulation published in the Federal Register. The citation was included by the Commission as a reference for the convenience of readers and not as part of the regulation itself. It is the content of the regulation which governs, not an unofficial citation accompanying the heading. The Explanation and Justification for 11 C.F.R. § 103.3 states:

> Contributions of questionable legality shall either be returned to the contributor or deposited while the treasurer determines the validity of the contribution. This subsection was added by the Commission at the suggestion of many Committees as a guide to the proper handling of questionable contributions.

The regulaton itself clearly concerns the handling of possible illegal contributions. The fact that it is included with the section on campaign depositories does not prevent its applicability in the present matter which involves the type of situation the regulation was designed

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to reach. 13/

Despite the Committee's contentions to the contrary, it is also the view of the General Counsel that the Committee did not refund or reapportion contributions within a "reasonable time" or use its "best efforts" to do so. This view is supported by the facts: it took the Committee an average of seven months to issue each refund; in several instances refunds were not issued for more than one year after the Committee's receipt of an excessive contribution; and, to date, the Committee has yet to refund or reapportion contributions totalling $2,925, thereby retaining excessive contributions into 1982. Furthermore, that 95% of all refunds occurred during the months of August and December 1980, and approximately 69% of all reapportionments occurred in December, 1980, well after the primary elections, rather than throughout the campaign, suggests that these matters were neglected by the Committee. 14/

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13/ In the General Counsel's view, the applicability of § 103.3 to this matter is in the Committee's interest; otherwise, a strict accountability for the receipt of any excessive contribution regardless of timely corrective action would exist.

14/ Thirty-one percent of the refunds occurred in August 1980 and 64% occurred in December 1980; an additonal 2% occurred in 1981. Also, during 1981 an additional 18% of the reapportionments occurred.

Indeed, that the Committee waited three months before issuing refunds or reapportioning contributions after being notified by the Commission's auditors in September 1980 during the audit that certain contributions were excessive, and even then did not correct all apparent violations, reinforces the General Counsel's view that neither the standard of "best efforts" nor "reasonable time" has been met in this matter. In view of the foregoing, it is the position of the General Counsel that there is probable cause to believe the Committee violated 2 U.S.C. § 441a(f) by accepting excessive contributions from 259 individuals totalling $99,354.94.

(b) Receipt of a Corporate Contribution From Tommy Thomas Chevrolet Co., Inc.

Section 441b(a) of Title 2, United States Code, prohibits any corporation from making any contribution or expenditure in connection with any election to federal office. The term "contribution or expenditure" is defined to include "any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value ... to any candidate, campaign committee, or political party or organization, in connection with any [federal] election ...." The term "contribution" is further defined at 2 U.S.C. § 431(8)(A) to include any gift, subscription, loan, advance, or deposit of money, or anything of value made by any person for the purpose of influencing any election to federal office.

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Pursuant to section 114.10(a) of Commission Regulations, a corporation may extend credit to a candidate, political committee or other person in connection with a federal election, provided that the credit is extended in the ordinary course of the corporation's business and the terms are substantially similar to extensions of credit to nonpolitical debtors which are of similar risk and size of obligation.

While the Committee argues that TTCC cannot be considered to have advanced funds to the Committee because it was not involved in the activities of Mr. Thomas, it is the view of the General Counsel that the argument is without merit. It is difficult to understand how the Committee could argue that TTCC was not involved when it paid for all of Mr. Thomas' expenses. In any event, it is clear that the entity which advances funds to a political committee is the entity considered to have made a "contribution" to the Committee. Although Luther Thomas caused the expenses at issue using his personal credit cards, it was the corporation, TTCC, which paid the bills and sought reimbursement from the Committee. In so doing, TTCC made an advance to the Committee, in the General Counsel's view. 15/

15/ It is the General Counsel's view that if the expenses were paid from the personal funds of Mr. Thomas, rather than by TTCC, a violation of the contribution limitations would

That TTCC is Luther Thomas' "wholly-owned company" and it was more "convenient," for TTCC to pay the bills involved herein is irrelevant in determining who made the advance at issue. There is no indication that the account used by TTCC was a non-repayable drawing account used to compensate Mr. Thomas.

It is equally meritless in the General Counsel's view to argue that TTCC did not make an advance to the Committee because it did not extend credit to the Committee for a length of time beyond its normal business practice. It is the position of the General Counsel that the Committee's view of the term "advance" is based upon an erroneous interpretation of the Commission's regulations. While the

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15/ cont'd.
have occurred instead. Pursuant to 2 U.S.C. § 441a(a)(1)(A) no person may make contributions to any candidate with respect to any election for federal office which in the aggregate exceed $1,000. As discussed supra, the term "contribution" includes an advance. While the Financial Control and Compliance Manual for Presidential Candidates Receiving Public Financing, July, 1979, approves of the concept of individuals (acting as committee agents) advancing funds to political committees and receiving reimbursement thereafter, the manual in no way suggests that the expenses being reimbursed are not advances by the persons who made them and not subject to the Act's contribution limitations. In order for Mr. Thomas to have avoided a violation of the contribution limitations he would have had to obtain either an advance of funds from the Committee with which he could pay the bills incurred, or he could have billed the expenses he incurred to the Committee by using a committee credit card.

definition of the term "contribution" includes advances and the extension of credit for a length of time beyond normal business or trade practice (see 2 U.S.C. § 431(8)(A) and 11 C.F.R. § 100.7(a)(4)), there is no language within the regulations or statute which limits advances to extensions of credit for a length of time beyond normal business or trade practice, as contended by the Committee. The regulations, at 11 C.F.R. § 114.10(a), specifically state that a corporation may extend credit in connection with a federal election provided that the credit is extended in the ordinary course of the corporation's business.

It is the General Counsel's view that a contribution from TTCC to the Committee occurred because the extension of credit by TTCC was not made in the ordinary course of the corporation's business. For an extension of credit by TTCC to be considered in the ordinary course of its business, TTCC would have to provide the same kind of goods or services to the Committee as it would ordinarily provide in exchange for the extension of credit. However, such is not the case in the instant matter as the extension resulted from TTCC's payment of the Committee's bills, i.e. hotel, airfare, meals, telephone, and car rental. Such payment was clearly unrelated to the ordinary business activities of an automobile dealership, and should not be considered to be

within the "ordinary course" of TTCC's business. 16/ See MUR 1383 (closed).

The General Counsel finds it necessary to note that under the Committee's reasoning, any business including a corporation which has access to substantial resources, would be able to pay any bills whatsoever incurred by a political committee, in any amount, as long as the business or corporation was subsequently reimbursed. In the General Counsel's view, the Act does not permit such activity by these entities. The suggested payment of these bills is contrary to the Act's prohibition on corporate contributions, and with respect to unincorporated businesses, is no different from the making of loans or advances, which are clearly subject to the contribution limitations.

With respect to the Committee's argument that the extension of credit by TTCC cannot be considered to have occurred outside the ordinary course of the corporation's

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16/ It should be noted that the Internal Revenue Code, as an exception to the general rule permitting deductions for "all the ordinary and necessary expenses in carrying out any trade or business" (26 U.S.C. § 162(a)), prohibits the "deduction of any amount paid or received (whether by way of contribution, gift or otherwise) for participation in, or intervention in, any political campaign on behalf of any candidate for public office." (26 U.S.C. § 162(e)(2)). Therefore, for tax purposes, TTCC could not claim that its activities were within its ordinary course of business.

business because no "donative intent" was involved, it is the opinion of the General Counsel that the argument is unfounded. By their nature advances and loans do not involve a donative intent. However, that there is no donative intent when loans and advances are made cannot alter the fact that they are contributions since both are expressly included within the definition of "contribution."

The final argument of the Committee, that it did not "knowingly" accept a contribution from TTCC as it did not know all of the facts of the matter, i.e. that TTCC paid the bills at issue, until September, 1980, also fails. It is a settled proposition of law that the principal is considered to have the knowledge that its agent possesses within the scope of the agency. W.R. Grace and Co. v. Western U.S. Industries, Inc., 608 F.2d 1214, 1218 (9th Cir. 1979).

During the time period relevant to this matter, Luther Thomas was the Florida State Chairman for the Committee, and therefore, an agent of the Committee. 17/ Mr. Thomas was also the owner of TTCC and consequently aware that the expenses he incurred on the Committee's behalf were being paid by TTCC. Hence, since the principal is considered to know what its agent knows, the Committee can be

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17/ The Committee's November 17, 1981, response also identified Mr. Thomas as an agent of the Committee.

considered to have known the facts of the matter, i.e. that TTCC paid the bills at issue, since April of 1979, rather than September of 1980, as contended by the Committee.

As discussed supra, knowledge of all of the facts is sufficient to create liability under the standard of "knowing acceptance." Moreover, the fact that the Committee did not reimburse TTCC for four months after it received the "master invoice" which specifically stated that the corporation had paid the bills, and has yet to reimburse TTCC for $286.31, further constitutes the knowing acceptance of a prohibited contribution, in the General Counsel's view. In consideration of the foregoing, it is the position of the General Counsel that there is probable cause to believe the Committee violated 2 U.S.C. § 441b(a) by accepting a contribution from TTCC.

(c) Reporting of Debts and Obligations in Regard to Tommy Thomas Chevrolet Co., Inc.

Section 434(b)(8) of Title 2, United States Code, and 11 C.F.R. § 104.3(d) require a political committee to report the amount and nature of outstanding debts and obligations owed by or to the committee. Pursuant to 11 C.F.R. § 104.11, debts and obligations owed by or to a political committee which remain outstanding shall be continuously reported until extinguished. These debts and obligations

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shall be reported on separate schedules together with a statement explaining the circumstances and conditions under which each debt and obligation was incurred or extinguished.

While the Committee argues that neither the Act nor Commission regulations require the reporting of the identification of the entity to whom an obligation is owed, it is the opinion of the General Counsel that such a reporting is required. As set forth in § 434(b)(8) and 11 C.F.R. § 104.11, the amount and nature, and the circumstances and conditions, respectively, of an outstanding obligation is required to be reported. In the General Counsel's view, the terms "nature" and "circumstances and conditions" include the identification of the entity to whom the obligation is owed. Indeed, the purposes of disclosure would not be served without such information, and the limitations and prohibitions imposed by the Act could be easily circumvented.

In addition, it is an established rule of administrative law that agencies may interpret their own regulations, and that such interpretations are controlling unless "plainly erroneous or inconsistent with the regulation." Sutherland, Statutes and Statutory Construction, § 31.06, quoting Immigration and Naturalization Service v. Stanisic, 395 U.S. 92 (1969).

The Commission's interpretation of the term "nature" to include the identification of creditors is reflected in the report forms required to be filed by political committees which provide that the name and address of each creditor be reported. This intepretation is consistent with the statute and regulation, as well as in accord with congressional intent, as the reporting forms were approved by Congress pursuant to 2 U.S.C. § 438(d).

The Committee further argues that its failure to correctly report TTCC as a creditor was nothing more than an "inadvertant mistake"; however, it is the position of the General Counsel that a violation of 2 U.S.C. § 434(b)(8) occurred nonetheless. The evidence available suggests that the Committee did not use due diligence in reporting the obligation involved herein. Failure to do so cannot be used as a defense when a violation of the reporting requirements occurs, in the General Counsel's view. Important to this view is the fact that the invoice from TTCC, which triggered the reporting of the instant obligation, expressly stated that TTCC had paid the bills which resulted in the Committee's obligation to TTCC. Moreover, the invoice was on the corporation's letterhead, and included copies of the checks which had been drawn on TTCC's account in payment of the bills for which reimbursement was sought. As the

invoice clearly stated on its face that the obligation was owed to TTCC, it seems that even a cursory review of the invoice would have resulted in this conclusion. Therefore, in consideration of the foregoing, it is the position of the General Counsel that the Committee violated 2 U.S.C. § 434 (b)(8).

III. General Counsel's Recommendation

1. Find probable cause to believe the Reagan for President Committee violated 2 U.S.C. §§ 441a(f), 441b(a), and 434(b)(8).

16 March 1982
Date

Charles N. Steele
General Counsel

Attachment (6 pages)

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ATTACHMENT TO BRIEF

INDIVIDUALS WHO CONTRIBUTED TO THE REAGAN FOR PRESIDENT COMMITTEE IN EXCESS OF $1,000

NAME AND AMOUNT CONTRIBUTED	REFUND	REAPPORTIONMENT	NO RESPONSE
1. Josephine Abercrombie $1,150	$150*		
2. Thomas B. Adam $1,075	75		
3. Marilyn C. Allen $2,000	1,000		
4. Bessie Ansley $1,005	5 *		
5. Oscar Austad $1,075	75		
6. W.R. Bailard $1,325	325*		
7. Glennwood Ballinger $1,499.94	499.94*		
8. Joyce Bearss $1,100			$100
9. Rudolph Bernatschke $1,050	50*		
10. Donald W. Berry $1,250	250*		
11. D.J. Biller $1,100	100*		
12. Penelope Blair $2,000		1,000	
13. Cleve B. Bonner $1,050	50*		
14. Hazel Bowerman $2,050	1,050*		
15. Emily Boxley $1,200	200*		
16. J. Allen Bray $1,250	250*		
17. Samuel Bretzfield $1,100	100*		
18. Russell Britton $1,125	125		
19. H.L. Brooks $1,200	200*		
20. Mildred Brown $1,050	50*		
21. Howard Butcher, III $2,000	1,000*		
22. Mildred Butler $1,215	215*		
23. Bill J. Bynum $1,325	325*		
24. John P. Cadagan $2,000	1,000		
25. John R. Cahill $2,000	500	500	
26. John Campbell $1,250	250*		
27. Richard W. Candland $1,025	25*		
28. Harrison Chandler $1,100	100*		
29. Louise B. Clark $2,000	1,000*		
30. C. Terence Clyne $1,500	500		
31. Clair Cook $1,250	250		
32. Ralph Cornell $1,500	500*		
33. Roscoe Cowper $1,150	150		
34. Frank Critelli $1,100	100*		
35. Vincent Cullinan $1,100	100		
36. Howard Dagley $1,350	350*		
37. John Daidone $1,250	250		
38. Peter Dailey $1,100	100		
39. Poncent Davis, Jr. $1,500		500	
40. James T. Delaney $1,250	150*	100*	
41. C.R.W. DeSilva $1,050	50*		
42. Dennis Devine $2,000	1,000*		
43. Manuel Diaz $1,050	50*		
44. H.W. Dodge, Jr. $2,000	1,000*		
45. John Doremus $1,010	10*		

* adequate documentation furnished

NAME AND AMOUNT CONTRIBUTED	REFUND	REAPPORTIONMENT	NO RESPONSE
46. Jean C. Dougherty $1,800		$800	
47. Jonathan Dugan $1,020	$20		
48. George Duncan $1,200	200		
49. Barbara Eade $1,050	50		
50. Beatrice Eckrich $1,100	100		
51. Lucy E. Edmondson $1,375	375*		
52. Adrienne Edmonston $1,032.50	32.50		
53. J. David Eller $1,025	25		
54. Robert Emett $1,500	500*		
55. Arthur Engel $1,650		650*	
56. Ralph W. Eylar $1,225	225*		
57. Charles Farrell $1,275	275*		
58. John C. Folger $1,300	300		
59. Alfred Gagnon $1,100	100*		
60. Catherine Gamage $1,150	150		
61. Edward Garbini $2,000		1,000	
62. Donald Geary $1,175	175*		
63. Dan Gerber $1,300	300*		
64. Frank Gerosa $1,250	250*		
65. Gordon Geity $2,000	1,000		
66. Claude Gortatowsky $1,350	350*		
67. Kenneth Gorman $1,150	150*		
68. Elliott Gottfurcht $1,250			$250
69. Robert K. Graham $1,900	900		
70. Irene A. Grant $2,000	1,000*		
71. C.H. Grayson $1,250	250*		
72. Z. Wayne Griffin $2,000	1,000*		
73. Roy Guffey $1,650	550		100
74. Gertrude Guild $1,200	200		
75. Lillian M. Gustafson $1,200	200		
76. Warren Haas $1,200	200*		
77. Michael T. Halbouty $1,050	50*		
78. W.B. Hamilton $1,050	50*		
79. B.K. Hargis $1,200	200*		
80. Helen E. Hatcher $1,750	750*		
81. L.A. Harvey $2,000	1,000*		
82. Mable M. Hay $1,050	50*		
83. B.R. Hazard $1,600		600 (* for $300)	
84. Donald W. Hedges $1,250	250		
85. Robert Henneberger $1,340	340		
86. M.W. Henrie $1,100	100*		
87. Arthur Hercz $1,400	135	165*	100
88. Sarah T. Hermann $1,100	100*		
89. Herbert T. Hill $1,350		250*	100
90. Barron Hilton $1,750	750*		
91. Ernest G. Holtze $1,200	200*		
92. Essa T. Hoover $1,205	205		
93. W.H. Hyde $1275	275		
94. Carl Karcher $1,200	200		

NAME AND AMOUNT CONTRIBUTED	REFUND	REAPPORTIONMENT	NO RESPONSE
95. King Karpen $1,850	$350	$500*	
96. Smig Katayama $1,200	200*		
97. Dwight Kendall $1,035	35		
98. Marie E. Kennedy $1,800	800*		
99. Helen K. Kelley $1,150	150*		
100. James Kemper $1,250	250		
101. Thelma N. Kieckhefer $1,250	250		
102. Wayne W. Killion $1,100	100		
103. Johanna Knowlton $1,200	200		
104. Laurella Kobusch $1,120	120		
105. Anne Kurzet $1,025			$25
106. B.F. Lamb $1,500	210*	290 *	
107. Michael Lamoregese, Jr.	250		
108. Ruth Lang $1,490	490		
109. Emily Larkin $1,165	165 *		
110. Helen O. Laurer $1,125	125 *		
111. John T. Lennon $2,000	1,000 *		
112. O.B. Lewis $1,250	250 *		
113. Helen C. Lincoln $1,350	350		
114. Harry Lucas, Jr. $1,050	50		
115. Angus McDonald $1,500	500 *		
116. R. W. Mac Dougall $1,020	20		
117. William Manning $2,200	1,200 *		
118. Jane T. Martin $2,000		1,000	
119. Lois K. Mayer $1,250	250		
120. David Maytag $1,050	50 *		
121. Anne Mazzella $1,500	500 *		
122. Helen T. McCann $1,150	150		
123. Barbara McCormick $1,300	300		
124. M.J. McCormick $1,200	200 *		
125. E. McElvaney, Jr. $2,000		900 (* for $450)	100
126. Fanny H. McKenzie $1,500	500		
127. Avery McMillian $2,000	1,000		
128. Wilson McNary $1,250	250 *		
129. John E. Meehan $2,000			1,000
130. George Mehl $1,100	100 *		
131. Lester J. Mekelburg $1,131	131		
132. Albert U. Metzger $1,075	75		
133. Mary S. Miller $1,250	250		
134. Dorothy Mitchell $1,100	100		
135. Roy P. Moeller $1,065	65		
136. Jim Moore $2,000		1,000	
137. Glenn Morris $1,050	50 *		
138. Eleanor Morrisey $1,080	80 *		
139. Elaine Moseley $1,125	125		
140. Isabel Mott $1,500	500 *		
141. Gene Mulvihill $2,000		1,000	
142. David Murdock $2,000		1,000	
143. Catherine Murphy $1,250		250	

NAME AND AMOUNT CONTRIBUTED	REFUND	REAPPORTIONMENT	NO RESPONSE
144. Warren Musser $1,500	$500 *		
145. Grace V. Naylor $1,772.50	747.50 *	$25	
146. Maude Nichols $1,500	500		
147. Don W. Noren $1,050	50 *		
148. Frances O'Brien $1,270	270		
149. Mary O'Brien $1,550	550 *		
150. E.B. Ogden, Jr. $1,200	200		
151. S. Wayne O'Keefe $1,500	500 *		
152. Norbert Olberz $1,050	50		
153. Jack Overstreet $1,005	5 *		
154. Armand Palmisano $1,150	150 *		
155. Kathleen Parriott $1,250	250 *		
156. Charles Payson $2,000	500 *		$500
157. M.W. Pegram $1,100	100		
158. James Person $1,210	210 *		
159. Gwen Pettit $1,575	325	250 *	
160. James H. Pullman, Sr. $1,375	325		50
161. Linda Radovan $1,225	225		
162. Laura K. Read $1,100	100 *		
163. James A. Reed $1,150	150 *		
164. Brooke Reeve, Jr. $1,200	200 *		
165. Stephen Rega $1,050	50		
166. Harvey T. Reid $1,050	50 *		
167. Mathilda Reisenhus $1,025	25		
168. Lois T. Rieger $1,305	305		
169. Bruce G. Robert $1,100	100 *		
170. Esther Roberts $1,850	850 *		
171. John L. Roper, II $1,750		750	
172. Elizabeth Rospigliosi $1,250	250 *		
173. Elmer Rubac $1,100	100 *		
174. William Rutherford $1,100	100 *		
175. Winfield Schuster $1,250	250		
176. C. Scott Parker $1,160	160		
177. Thomas Sefton $2,200	700*	500	
178. Richard Shaheen $1,500			500
179. Bula Simms $1,135	135*		
180. Colin J. Smith $1,100	100*		
181. Harriette Smith $1,125	125*		
182. O. Telfair Smith $1,875	375	500	
183. Murray Smitheram $1,600	250 *	250 *	100
184. P.E. Spalding $1,100	100 *		
185. Pearl Spear $1,300	300 *		
186. William Spencer $1,750	250	500 *	
187. Mary Jane Straka $1,500	500		
188. F.B. Streator $1,150	150		
189. Joseph Sullivan $1,500	500 *		
190. R. Dana Sullivan $1,200	200 *		
191. Carl Sweeney, Jr. $1,100	100 *		
192. Joyce Tannehill $1,100	100 *		
193. Sarkes Tarzian $1,300	300 *		
194. Dora Tester $1,300	300		
195. Edith Trea $1,085	85 *		
196. Gary Triano $1,200	200 *		

NAME AND AMOUNT CONTRIBUTED	REFUND	REAPPORTIONMENT	NO RESPONSE
197. Edith Vadeboncoeur $1,100	$100 *		
198. Carlos Vega $1,500	500		
199. Marian Vetrano $1,050	50 *		
200. Lois Wallace $1,010	10 *		
201. Minna Wallis $1,025	25 *		
202. Laurie Waring $1,350	350		
203. David W. Warner $1,250		$250	
204. Florence Wasmer $1,250	250 *		
205. Richard Waugh $1,050	50		
206. Leland Whittier $2,000	1,000		
207. N. Paul Whittier $2,000	1,000 *		
208. C.H. Wilkins $1,500		500	
209. S.I. Williams $1,225	225		
210. Betty Wilkinson $1,100	100 *		
211. Edward Woods $1,495		495	
212. K.T. Wright $1,250	250 *		
213. Kyle Trout, Jr. $1,200	200		
214. Laurence Beilenson $1,300		300 *	
215. C.J. Berst $2,000		1,000 *	
216. Karl Boeckmann $1,500		500 *	
217. Janine Boehm $1,400		400 *	
218. John E. Chance $1,300		300 *	
219. John H. Chance $1,300		300 *	
220. William Cowling $1,300		300 *	
221. Theodore Danforth $2,000		1,000 *	
222. E. Peter Erland $2,000		1,000 *	
223. Andrew Friedman $1,500		500 *	
224. George Glover $1,050		50	
225. Frank L. Gofrank $2,000		1,000 *	
226. Robert Hanagan $1,500		500 *	
227. Bette Hervey $1,205		205 *	
228. William Howlett $1,300		300 *	
229. Floy Hunter $1,500		500 *	
230. Arthur Koski $2,000		1,000 *	
231. W.T. Kelly, Jr. $2,000		1,000 *	
232. Ronald Mattison $1,350		350 *	
233. Dennis Metzler $2,000		1,000 *	
234. Joann Minshall $1,350		350 *	
235. Joseph A. Moore $1,250		250 *	
236. John A. Morris $1,250		250 *	
237. Tom Moyer $1,500		500 *	
238. Leo Newcombe $1,200		200	
239. P.M. Ochs $2,000		1,000 *	
240. William Panny $1,250		250 *	
241. Katerine Pardee $1,400		400 *	
242. Stephen Peck $2,000		1,000 *	
243. W.W. Rapley $1,350		350 *	
244. V. Earl Roberts $1,150		150 *	
245. J. Marshall Robbins $2,000		1,000 *	
246. Carlos Salman $1,250		250 *	
247. Charles Sanford $1,900		900 *	
248. Anthony Sharp $2,000		1,000 *	

NAME AND AMOUNT CONTRIBUTED	REFUND	REAPPORTIONMENT	NO RESPONSE
249. T.G. Singlehurst $1,600		$600*	
250. E.A. Smith, Jr. $1,750		750*	
251. R.E. Straith $1,500		500*	
252. W. Clement Stone $2,000		1,000*	
253. Dorothy Symons $1,064		64*	
254. Paul Talbert $1,750		750*	
255. Kenneth Taylor $1,500		500*	
256. Don Vannerson $1,555		555*	
257. Louis Weil, Jr. $1,500		500*	
258. Peter Weisel $1,250		250*	
259. Arthur Keiselback $1,250	250*		
TOTAL: $99,354.94	$56,080.94	$40,349	$2,925

8304038014

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Tommy Thomas Chevrolet Co., Inc.	)	MUR 1360
	)	

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

This matter was referred to the Office of General Counsel by the Audit Division based upon information obtained during an audit of the Reagan for President Committee ("Committee"). On September 22, 1981, the Commission determined that there is reason to believe Tommy Thomas Chevrolet Co., Inc. ("TTCC") violated 2 U.S.C. § 441b(a). Notification of the Commission's finding was mailed to TTCC on September 29, 1981. Counsel for TTCC filed a response on November 16, 1981.

This matter involves the payment by TTCC of expenses totalling $9,466.60 on behalf of the Committee. According to the documentation obtained, Luther E. Thomas (a/k/a Tommy Thomas) incurred the expenses during the period of April 3, 1979, through August 26, 1980; the expenses were for such costs as car rentals, hotels, telephones, airfare and meals. On September 30, 1980, TTCC submitted an invoice to the Committee in the amount of $9,466.60, and was reimbursed by the Committee in the amount of $9,180.29 on February 12, 1981.

The response submitted by counsel in this matter explains that Luther E. Thomas is the sole stockholder of TTCC and that as the Florida State Chairman for the Committee during the campaign, he traveled extensively throughout Florida. The response states that Mr. Thomas' efforts "resulted in numerous charges to his personal American Express, Master Charge and National Car Rental credit card accounts," for cars, hotels, telephones, and meals, and that these expenses were "accumulated and recorded at Mr. Thomas' office, Tommy Thomas Chevrolet." According to the response, it is "Mr. Thomas' belief that upon receipt of his credit card bills, the expense charges associated with Committee work were forwarded, under cover of a personal letter, to the Committee for reimbursement."

The response maintains that Mr. Thomas first billed the Committee on April 11, 1979, and apparently received a reimbursement on April 27, 1979, but thereafter "reimbursements were not made on a periodic basis to Mr. Thomas as he had anticipated." 1/ It is explained that

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1/ The July 10, 1979, quarterly filing of the Committee reports an expenditure of $697.77 to Luther Thomas on April 19, 1979, for "airfare, lodging, etc."

Mr. Thomas' file was misplaced during the Committee's move from California and, therefore, his reimbursement requests could not be processed. Additionally, the response states that in September of 1980, after Mr. Thomas sent the Committee a "master invoice" requesting reimbursement, reimbursement was made for all but $286.31 of the expenses incurred.

It is the position of the respondent that it did not make a contribution to the Committee. The respondent states that pursuant to the Financial Control and Compliance Manual for Presidential Candidates Receiving Public Financing, July, 1979, an individual may incur expenses on behalf of a political committee and receive reimbursement thereafter without resulting in a contribution to the committee by the individual. According to the respondent, "[t]his is precisely the situation involved in this case," as the expenses were charged to Mr. Thomas' personal credit accounts and "[t]he fact that they were paid through the Tommy Thomas Chevrolet account does not alter the fact that they were Mr. Thomas' expenses."

Furthermore, the respondent asserts wthat "[t]o find that [it] made an advance to the Committee ignores certain realities." The first point the respondent makes in support

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of its argument is that "American Express bills must be paid within thirty days of receipt," that the Committee "through apparent inadvertance and the loss of Mr. Thomas' file, failed to reimburse him on a periodic basis," and "the fact that the checks to American Express were drawn on the account of Tommy Thomas Chevrolet, Inc. simply indicates that it was more convenient for Mr. Thomas to record his expenses and await reimbursement in this manner." A second point which the respondent asserts must be considered is that even though Mr. Thomas incurred many expenses on the Committee's behalf as State Chairman, TTCC was not "involved" in any of these activities "[e]xcept perhaps through mere inadvertance." Therefore, "[u]nder these circumstances,..., [TTCC] cannot be found to have made a corporate contribution simply because Mr. Thomas' charge bills were paid by his wholly-owned corporation pending reimbursement by the Committee."

Finally, the respondent insists that "[e]ven if the Commission determines that Tommy Thomas Chevrolet incurred expenses on behalf of the Committee, there is still no issue of a prohibited contribution." The response contends that the term "advance" is defined only as an extension of credit for a length of time beyond normal business or trade practice (11 C.F.R. § 100.7(a)(4)), and that "there is no reference to the nature of the contributor's business in the

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statute or regulation." Thus, it is argued that no violation occurred because TTCC "did not extend credit to the Committee for any length of time beyond its normal business practice," and because the "efforts made to obtain payment from the Committee bring Tommy Thomas Chevrolet into compliance with the provisions of 11 C.F.R. § 100.7(a)(4) since it 'made a commercially reasonable attempt to collect the debt at issue'."

II. Legal Analysis

(a) The law applicable

Section 441b(a) of Title 2, United States Code, prohibits any corporation from making any contribution or expenditure in connection with any election to federal office. The term "contribution or expenditure" is defined to include "any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value ... to any candidate, campaign committee, or political party or organization, in connection with any [federal] election ...." The term "contribution" is further defined at 2 U.S.C. § 431(8)(A) to include any gift, subscription, loan, advance, or deposit of money, or anything of value made by any person for the purpose of influencing any election to federal office.

Pursuant to section 114.10(a) of Commission Regulations, a corporation may extend credit to a candidate, political committee or other person in connection with a

federal election, provided that the credit is extended in the ordinary course of the corporation's business and the terms are substantially similar to extensions of credit to nonpolitical debtors which are of similar risk and size of obligation.

(b) Application of the law to the facts

While counsel argues that TTCC was not involved in the activities of Mr. Thomas and, therefore, cannot be found to have made a prohibited contribution to the Committee "simply" because the corporation paid the bills incurred by Mr. Thomas in connection with his volunteer activities, it is the view of the General Counsel that the argument is without merit. It is difficult to understand how counsel could argue that TTCC was not involved when it paid for all of Mr. Thomas' expenses. In any event, it is clear that the entity which advances funds to a political committee is the entity considered to have made a "contribution" to the Committee. Although Luther Thomas caused the expenses at issue using his personal credit cards, it was the corporation, TTCC, which paid the bills and sought reimbursement from the Committee. In so doing, TTCC made an

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advance to the Committee, in the General Counsel's view. 2/ That TCCC is Luther Thomas' "wholly owned company" and it was more "convenient," for TTCC to pay the bills involved herein, is irrelevant in determining who made the advance at issue. There is no indication that the account used by TTCC was a non-repayable drawing account used to compensate Mr. Thomas.

The additional argument propounded by counsel for the respondent, that TTCC did not make an advance to the Committee since it did not extend credit to the Committee for a length of time beyond its normal business practice, is equally meritless, in the General Counsel's view. It is the position of the General Counsel that the respondent's view of the term "advance" is based upon an erroneous

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2/ It is the General Counsel's view that if the expenses were paid from the personal funds of Mr. Thomas, rather than by TTCC, a violation of the contribution limitations would have occurred instead. Pursuant to 2 U.S.C. § 441a(a)(1)(A) no person may make contributions to any candidate with respect to any election for federal office which in the aggregate exceed $1,000. As discussed supra, the term "contribution" includes an advance. While the Financial Control and Compliance Manual for Presidential Candidates Receiving Public Financing, July, 1979, approves of the concept of individuals (acting as committee agents) advancing funds to political committees and receiving reimbursement thereafter, the manual in no way suggests that the expenses being reimbursed are not advances by the persons who made them and not subject to the Act's contribution limitations. In order for Mr. Thomas to have avoided a violation of the contribution limitations he would have had to obtain either an advance of funds from the Committee with which he could pay the bills incurred, or he could have billed the expenses he incurred to the Committee by using a committee credit card.

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interpretation of the Commission's regulations. The definition of "contribution" includes advances and the extension of credit for a length of time beyond normal business or trade practice (see 2 U.S.C. § 431(8)(A) and 11 C.F.R. § 100.7(a)(4)); however, there is no language within the regulations or statute which limits advances to extensions of credit beyond normal business practice, as contended by the respondent. In fact 11 C.F.R. § 114.10(a) specifically states that a corporation may extend credit in connection with a federal election, provided that the credit is extended in the ordinary course of the corporation's business.

It is the General Counsel's opinion that a contribution from TTCC to the Committee occurred because the extension of credit by TTCC was not made in the ordinary course of the corporation's business. For an extension of credit by TTCC to be considered in the ordinary course of its business, TTCC would have to provide the same goods or services to the Committee as it would ordinarily provide in exchange for the extension of credit. However, such is not the case in the instant matter as the extension resulted from TTCC's payment of the Committee's bills, i.e. hotel, airfare, meals, telephone, and car rental. Such payment was clearly unrelated to the ordinary business activities of an automobile dealership, and should not be considered to be

within the "ordinary course" of TTCC's business. 3/ See MUR 1383 (closed).

The General Counsel finds it necessary to note that under the respondent's reasoning, any business, including a corporation which has access to substantial resources, would be able to pay any bills whatsoever incurred by a political committee, in any amount, as long as the business or corporation was subsequently reimbursed. In the General Counsel's view, the Act does not permit such activity by these entities. The suggested payment of these bills is contrary to the Act's prohibitions on corporation contributions, and with respect to unincorporated businesses, is no different from the making of loans or advances, which are clearly subject to the contribution limitations.

In view of the foregoing, it is the position of the General Counsel that there is probable cause to believe TTCC violated 2 U.S.C. § 441b(a).

3/ It should be noted that the Internal Revenue Code, as an exception to the general rule permitting deductions for "all the ordinary and necessary expenses in carrying out any trade or business" (26 U.S.C. § 162(a)), prohibits the "deduction of any amount paid or received (whether by way of contribution, gift or otherwise) for participation in, or intervention in, any political campaign on behalf of any candidate for public office." (26 U.S.C. § 162(e)(2)). Therefore, for tax purposes, TTCC could not claim that its activities were within its ordinary course of business.

III. General Counsel's Recommendation

1. Find probable cause to believe TTCC violated 2 U.S.C. § 441b(a).

18 March 1982
Date

Charles N. Steele
General Counsel

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Peter Hon) MUR 1360

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

This matter was referred to the Office of General Counsel by the Audit Division based upon information obtained during an audit of the Reagan for President Committee ("Committee"). On September 22, 1981, the Commission determined that there is reason to believe Peter Hon violated 2 U.S.C. § 441a(a)(1)(A) by contributing $3,000 to the Committee on October 3, 1979. Notification of the Commission's finding was mailed to Mr. Hon on September 29, 1981. Counsel for Mr. Hon filed a response on November 16, 1981.

The response filed by counsel for Mr. Hon states that as Mr. Hon contributed to the Committee on his own initiative in October 1979 and not in response to a printed solicitation "which would have informed him of the contribution limits applicable to individuals," Mr. Hon was "unaware that contributions to a presidential primary campaign could not exceed $1,000." The response of Mr. Hon also argues that the excessive portion of Mr. Hon's contribution was refunded "as promptly as possible" and "well before the conclusion of the presidential primary campaign."

Importantly, counsel's argument is based upon an erroneous refund date of April 1980. The July 15, 1981, filing of the Committee reports a $2,000 refund to Mr. Hon on April 29, 1981,

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more than one year and a half after he contributed to the Committee.

Furthermore, the response states that "[i]n deciding whether to take further action against Mr. Hon, the Commission must consider the statutory objective that would be furthered by such a determination" since the Federal Election Campaign Act is "designed to promote the principles of voluntary compliance" and the "conciliation process is aimed at correcting violations of the campaign laws." Counsel characterizes the issue in this matter as a "minor contribution violation" and an "innocent error" which was corrected. Thus, it is argued that because corrective action has been taken, "the imposition of a potentially considerable fine and a 'conciliation' practice that requires an admission of guilt is not warranted," and that "[n]o purpose other than punitive would be served by such action."

II. Legal Analysis

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000.

The evidence available in this matter indicates that Peter Hon contributed $3,000 to the Committee, a fact undisputed by the respondent's counsel, $2,000 of which was in excess of the contribution limitation. While Mr. Hon has received a refund for the excessive portion of his contribution, such is only a mitigating factor in this matter and not one which vitiates

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the violation, in the General Counsel's view. Additionally, the instant matter is aggravated by the fact that Mr. Hon did not receive a refund for the amount he contributed in excess of the limits until a year and a half after the contribution occurred, and by the fact that the amount of money involved is substantial. In the General Counsel's view, to allow individuals to make excessive contributions to political campaigns as long as they receive refunds afterwards, as suggested by the respondent's counsel, is contrary to the contribution limitations of the Act. Therefore, in consideration of the foregoing, it is the position of the General Counsel that there is probable cause to believe Peter Hon violated 2 U.S.C. § 441a(a)(1)(A).

III. General Counsel's Recommendation

1. Find probable cause to believe Peter Hon violated 2 U.S.C. § 441a(a)(1)(A).

16 March 1982
Date

Charles N. Steele
General Counsel

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Forrest Lattner) MUR 1360

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

This matter was referred to the Office of General Counsel by the Audit Division based upon information obtained during an audit of the Reagan for President Committee ("Committee"). On September 22, 1981, the Commission determined that there is reason to believe Forrest Lattner violated 2 U.S.C. § 441a(a)(1)(A). Notification of the Commission's finding was mailed to Mr. Lattner on September 29, 1979. Counsel for Mr. Lattner filed a response on November 16, 1981.

The Commission's finding was based upon the apparent fact that Forrest Lattner contributed $2,500 to the Committee on May 24, 1979. The Committee refunded $1,500 and $500 to Mr. Lattner on May 12, 1980, and June 10, 1980, respectively. On May 27, 1980, the Committee reported the reapportionment of the excessive portion of Mr. Lattner's contributions to his wife, Mrs. Lattner.

The response submitted by counsel for Mr. Lattner states that Mr. Lattner contributed ($2,500) to the Committee in May of 1979 and subsequently received a refund of $1,500. After the refund occurred, Mr. Lattner apparently "informed the Committee that it was Mr. and Mrs. Lattner's intent to each contribute $1,000 to the Committee," the "Committee was notified in writing

of this intent, the paperwork was processed, and Mr. Lattner was refunded $500." Counsel also argues that there are two mitigating factors to be considered in this matter. The first factor is that during the campaign Mr. Lattner received a "solicitation from the Committee which contained a clerical error to the effect that contributors could donate more than $1,000," and that "it is possible that when Mr. Lattner made his contribution, he was under the impression that he could donate more than $1,000." 1/ The second factor which counsel urges the Commission to consider is that it was Mr. and Mrs. Lattner's intent to each contribute $1,000 to the Committee even though "their attribution did not satisfy the technical requirements of 11 C.F.R. § 104.8(d)."

The response further states that "[i]n deciding whether further action against Mr. Lattner is warranted, it is important to consider the statutory objectives that would be advanced by such a determination" since the Federal Election Campaign Act "evidences a clear intent to further the principles of voluntary compliance" and the conciliation process is "designed to correct violations of the campaign laws." Counsel characterizes the issue in this matter as "minor and completely unintentional." Thus, counsel argues that because corrective action was taken, no further action is warranted against Mr. Lattner.

1/ The response states that the erroneous solicitation letter was later corrected by the Committee and contributors were notified of the mistake. It is not stated when the corrected letter was sent.

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II. Legal Analysis

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000.

Pursuant to 11 C.F.R. § 104.8(d) (former § 104.5(e)), a contribution which represents contributions by more than one person shall indicate on the written instrument, or on an accompanying written statement signed by all contributors, the amount to be attributed to each contributor. As set forth at 11 C.F.R. § 9034.2(c)(1), in order for a check drawn on a joint checking account to be attributed equally to the other joint tenants of the account, the check or other accompanying written document must contain the signatures of the joint tenants.

Although it may have been Mr. Lattner's original intention that his contribution be shared with his wife, it does not appear that any notice of this intent accompanied the contribution or that Mrs. Lattner also signed the check. In any event, even if the contribution had been so allocated at the time, the contribution limitation would still have been exceeded. (The total given was $2,500). This matter is aggravated by the fact that Mr. Lattner did not receive a refund for the excessive portion of his contribution, or reapportion his contribution, until a year after the contribution was made, and by the fact that the amount of the excessive contribution is substantial.

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While counsel argues that no action should be taken against contributors who violate the limitations when correction action is subsequently taken, it is the view of the General Counsel that such action is only a mitigating factor and not one which vitiates the violation in this matter. Additionally, that Mr. Lattner received an incorrect solicitation letter could also be considered a mitigatiing factor, but for the fact that he apparently did not request a refund after being notified of the error, and it has not been demonstrated that Mr. Lattner made his contribution after receiving the solicitation. In the General Counsel's view, to allow individuals to make excessive contributions to political campaigns as long as they receive refunds afterwards, as suggested by the respondent's counsel, is contrary to the contribution limitations of the Act. Therefore, in consideration of the foregoing, it is the position of the General Counsel that there is probable cause to believe Forrest Lattner violated 2 U.S.C. § 441a(a)(1)(A).

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III. General Counsel's Recommendation

1. Find probable cause to believe Forrest Lattner violated 2 U.S.C. § 441a(a)(1)(A).

18 March 1982
Date

Charles N. Steele
General Counsel

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 18, 1982

William Manning
110 Calle Alta
Orange, California 92669

Re: MUR 1360
William Manning

Dear Mr. Manning:

Based upon information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on September 22, 1981, found reason to believe that you violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and instituted an investigation in this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find 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 probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within 15 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 20 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.

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Should you have any questions, please contact Maura White at (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Brief

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
William Manning	)	MUR 1360

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

This matter was referred to the Office of General Counsel by the Audit Division based upon information obtained during an audit of the Reagan for President Committee ("Committee"). On September 22, 1981, the Commission determined that there is reason to believe William Manning violated 2 U.S.C. § 441a(a)(1)(A). Notification of the Commission's finding was mailed to Mr. Manning on September 29, 1981, and October 21, 1981. No response has been filed by Mr. Manning.

The Commission's finding was based on the apparent fact that William Manning contributed $1,000 to the Committee on August 23, 1979, and $1,200 (in the form of three contributions of $400 each) on April 25, 1980. The Committee refunded $1,200 to Mr. Manning on August 25, 1980.

II. Legal Analysis

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000.

3040180

The evidence available in this matter indicates that Mr. Manning contributed $2,200 to the Committee, $1,200 of which exceeded the contribution limitation. While Mr. Manning received a refund for the excessive portion of his contribution, such is only a mitigating factor in this matter and not one which vitiates the violation, in the General Counsel's view. In addition, the instant matter is aggravated by the fact that the amount of the excessive contribution is substantial, and by the fact that Mr. Manning did not receive a refund for the amount he contributed in excess of the contribution limitations until four months after the excessive contributions occurred. Therefore, in view of the foregoing, it is the position of the General Counsel that there is probable cause to believe William Manning violated 2 U.S.C. § 441a(a)(1)(A).

III. General Counsel's Recommendation

1. Find probable cause to believe William Manning violated 2 U.S.C. § 441a(a)(1)(A).

12 March 1982
Date

Charles N. Steele
General Counsel

3304033

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 18, 1982

B.D. Gilbert
100 East 42nd Street
New York, New York 10017

Re: MUR 1360

Dear Mr. Gilbert:

Based upon information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on September 22, 1981, found reason to believe that you violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and instituted an investigation in this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find 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 probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within 15 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 20 days.

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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 Maura White at (202)523-4057.

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Brief

5304038037

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
B. D. Gilbert) MUR 1360

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

This matter was referred to the Office of General Counsel by the Audit Division based upon information obtained during an audit of the Reagan for President Committee ("Committee"). On September 22, 1981, the Commission determined that there is reason to believe B. D. Gilbert violated 2 U.S.C. § 441a(a)(1)(A). Notification of the Commission's finding was mailed to Mr. Gilbert on September 29, 1981. A response was received from Mr. Gilbert on October 13, 1981.

The Commission's finding was based upon the apparent fact that Mr. Gilbert contributed $1,000 and $2,000 to the Committee on October 19, 1979, and November 8, 1979, respectively. The Committee refunded $2,000 to Mr. Gilbert on October 16, 1980.

The response filed by Mr. Gilbert states that he was unaware that there was a "$1,000 limit on giving to a candidate before nomination," and that "since the Reagan for President Committee returned the extra $2,000 [he] sent in November 1979, the effect is the same as though he had contributed only $1,000." Thus, the response concludes that Mr. Gilbert did not violate the contribution limitations.

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II. Legal Analysis

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000.

The evidence available in this matter indicates that Mr. Gilbert contributed $3,000 to the Committee, a fact uncontested by Mr. Gilbert, $2,000 of which exceeded the contribution limitation. While Mr. Gilbert received a refund for the excessive portion of his contribution, such is only a mitigating factor in this matter and not one which vitiates the violation, in the General Counsel's view. In addition, the instant matter is aggravated by the fact that Mr. Gilbert did not receive a refund for the amount he contributed in excess of the contribution limitations until eleven months after the excessive contribution occurred, and by the fact that the amount of money involved is substantial. Therefore, in view of the foregoing it is the position of the General Counsel that there is probable cause to believe Mr. Gilbert violated 2 U.S.C. § 441a(a)(1)(A).

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III. General Counsel's Recommendation

1. Find probable cause to believe B.D. Gilbert violated 2 U.S.C. § 441a(a)(1)(A).

18 March 1982
Date

Charles N. Steele
General Counsel

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 18, 1982

Thomas Trainer
952 N. Alpine Drive
Beverly Hills, California 90210

Re: MUR 1360
Thomas Trainer

Dear Mr. Trainer:

Based upon information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on September 22, 1981, found reason to believe that you violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and instituted an investigation in this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find 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 probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within 15 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 20 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 Maura White at (202)523-4057.

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Brief

3304038011

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Thomas Trainer) MUR 1360

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

This matter was referred to the Office of General Counsel by the Audit Division based upon information obtained during an audit of the Reagan for President Committee ("Committee"). On September 22, 1981, the Commission determined that there is reason to believe Thomas Trainer violated 2 U.S.C. § 441a(a)(1)(A). Notification of the Commission's finding was mailed to Mr. Trainer on September 29, 1981. A response has not been received from Mr. Trainer, other than a telephone communication on October 21, 1981.

The Commission's finding was based upon the apparent fact that Thomas Trainer contributed $1,000 to the Committee on June 22, 1979, and $2,000 (two contributions of $1,000 each) on September 27, 1979. On May 19, 1980, the Committee reported the reapportionment of two of Mr. Trainer's contributions to Thomas Trainer, Jr. ($1,000) and Terry Trainer ($1,000).

In a telephone conversation with staff of this office, Mr. Trainer indicated that he personally contributed $1,000 to the Committee on June 22, 1979, and that as trustee of his childrens' trusts he contributed $1,000 on behalf of both of them in September 1979.

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II. Legal Analysis

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000.

Pursuant to 11 C.F.R. § 104.8(c), absent evidence to the contrary, any contribution made by check, money order, or other written instrument shall be reported as a contribution by the last person signing the instrument prior to delivery to the candidate or committee. As set forth at 11 C.F.R. § 104.8(d), a contribution which represents contributions by more than one person shall indicate on the written instrument, or on an accompanying written statement signed by all contributors, the amount to be attributed to each contributor. Furthermore, 11 C.F.R. § 9034.2(c)(3) further provides that checks drawn on escrow or trust accounts can only be a contribution from the person who has beneficial ownership of the account and therefore must be signed by that person with the statement that the giving of the contribution does not violate the conditions of the trust or escrow agreement.

While the contributions at issue ($2,000) may have been intended as donations of Mr. Trainer's two children, no evidence has been submitted to demonstrate that notice of such accompanied the September 27, 1979, contribution check. Had Mr. Trainer

included with the check the signed statements of Thomas Trainer, Jr. and Terry Trainer to the effect that the funds being contributed represented their contributions to the Committee from their trust funds, then no violation would have occurred. However, such does not appear to have occurred, and, therefore, Mr. Trainer, who apparently signed the check, must be considered to be the contributor. In addition, this matter is aggravated by the fact that the reapportionment of the contributions to the two Trainer children did not occur until approximately eight months after the contributions occurred.

Therefore, in view of the foregoing it is the position of the General Counsel that there is probable cause to believe Thomas Trainer violated 2 U.S.C. § 441a(a)(1)(A).

III. General Counsel's Recommendations

1. Find probable cause to believe Thomas Trainer violated 2 U.S.C. § 441a(a)(1)(A).

18 March 1982
Date

Charles N. Steele
General Counsel

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Ccc# 7021

LAW OFFICES
MALACHY J. COGHLAN
9008 SOUTH HAMILTON
CHICAGO, ILLINOIS 60620
312 / 233-6408
TWX 912 / 221-6008

January 29, 1982

FEB 8 P12:37

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

RE: MUR 1360

Dear Ms. White:

Further to the above matter, I invite your attention to Campaign Management Memorandum No. 5, dated 7 May 1979. This Memorandum is entitled "Contributions - Legal Restrictions and Regulations".

At section 7 of that Memo, it provides that a minor child may contribute up to One thousand dollars ($1,000) if it is done knowingly and the funds are owned and exclusively controlled by the Minor.

This Memorandum had been sent to Mr. Cross, and for whatever reason has just come to my attention.

Very truly yours,

Malachy J. Coghlan

MJC:ec

3340380

MALACHY J. COGHLAN
8008 SOUTH HAMILTON
CHICAGO, ILLINOIS 60620

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CHICAGO, ILL.
-FM
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1982

82 FEB 8 A

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

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS/JODY CUSTER

DATE: JANUARY 19, 1982

SUBJECT: MUR 1360 - Comprehensive Investigative Report #1 dated January 13, 1982; Received in OCS, January 18, 1982, 9:35

The above-named document was circulated to the Commission on a 24 hour no-objection basis at 11:00, January 18, 1982.

There were no objections to the Comprehensive Investigative Report at the time of the deadline.

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January 18, 1982

MEMORANDUM TO: Marjorie W. Emmons

FROM: Phyllis A. Kaysen

SUBJECT: MUR 1360

Please have the attached Comprehensive Investigative Report distributed to the Commission on a 24 hour no-objection basis. Thank you.

Attachment

cc: White

3 3 0 4 0 3 8 0 3 8 1 4

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

January 13, 1982 82 JAN 18 A 9: 35

In the Matter of	)	
	)	
Reagan for President Committee, et al.	)	MUR 1360
	)	

COMPREHENSIVE INVESTIGATIVE REPORT # 1

On September 22, 1981, the Commission determined that there is reason to believe the Reagan for President Committee ("Committee") violated 2 U.S.C. §§ 441a(f), 441b(a), and 434(b)(8), reason to believe Tommy Thomas Chevrolet Co., Inc. violated 2 U.S.C. § 441b(a), and reason to believe fourteen individuals violated 2 U.S.C. § 441a(a)(1)(A) by contributing to the Committee in excess of the contribution limitations. Notification letters were mailed to all respondents in this matter on September 29, 1981.

On October 13, 1981, counsel for the Committee requested a 30 day extension of time to respond to the Commission's findings on behalf of both the Committee and certain individual respondents in this matter; the request was granted on October 19, 1981. The respondents in this matter submitted responses during the period of October 13, 1981, through November 17, 1981. A meeting was conducted between staff of this office and counsel for the Committee on December 14, 1981.

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This office is in the process of reviewing the various responses received and expects to report to the Commission with respect to certain respondents and to mail briefs with respect to other respondents within two weeks.

Jan 15, 1982
Date

Charles N. Steele
General Counsel

BY: _____
Kenneth A. Gross
Associate General Counsel

Scott 5859

LAW OFFICES
MALACHY J. COGHLAN
9008 SOUTH HAMILTON
CHICAGO, ILLINOIS 60620
312 / 233-6408
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NOV 27 P 1:48

November 23, 1981

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

RE: Mur 1360

Dear Ms. White,

Thank you for your call today. Enclosed please find copy of the letter of 25 October, 1981.

I appreciate your personal attention to this matter.

Very truly yours,

Malachy J. Coghlan

MJC:ec

3304036031

October 25, 1979

Reagan for President
Suite 1153
141 Milk Street
Boston, Mass. 02109

Attn: Eleanor Williams

Dear Miss Williams:

Enclosed is a Cross Family Trust check for $3000 for the Reagan Benefit in Boston on November 2.

For record purposes the contributors at $1000 each are:

Andrew Cross
Elisabeth Ann Cross
Nicholas James Cross

Would you see that it shows up in the $100,000 club?

Regards,

Raymond E. Cross

REC:go
Enclos.

33040804

MALACHY J. COGHLAN
9008 SOUTH HAMILTON
CHICAGO, ILLINOIS 60620

83040380813

CHICAGO, ILL.
. PM
24 NOV
1981

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

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MUR 1360 #5811

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WILLIAM H. BUTTERFIELD
JOHN D. CONNER
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COUNSEL

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ALBERT L. REEVES
ALVIN G. KALMANSON*

ALBERT H. COLE
MAX GOLDEN*
JOEL P. SHEDD

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GILBERT A. CUNEO (1913-1978)

THOMAS J. ALLEN*
JED L. BABBIN
ROBERT G. BADAL
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MARTIN E. STEERE*
JEFFREY E. STEINER*
DEL STILTNER
BONNIE A. SULLIVAN
CURTIS ULLMAN*
CHRISTIAN VOLZ
CHARLES E. WASHBURN, JR.*
ROBERT M. WAXMAN*
BARBARA G. WERTHER
LOUISE P. WISE
RENIE E. YOSHIDA*
DEAN J. ZIPSER*

*NOT ADMITTED IN D.C.

WRITER'S DIRECT DIAL NUMBER

(202) 789-

November 17, 1981

Hand Delivered

81 NOV 17 P3:50

The Honorable John Warren McGarry
Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1360: Response of Reagan for President Committee

Dear Mr. McGarry:

In accordance with the procedures of the Federal Election Commission ("Commission"), counsel for the Reagan for President Committee ("Committee") hereby responds to the Commission's letter of September 29, 1981. In that letter, it is stated that the Commission has determined that there is reason to believe that the Committee violated: 2 U.S.C. §§ 441a(f) and 441b(a) because of alleged acceptance of prohibited contributions; and 2 U.S.C. § 434(b)(8) because of alleged improper reporting of debts and obligations.

The Committee has determined that none of the cited sections were violated. The allegations involving acceptance of prohibited contributions are completely unfounded, because 2 U.S.C. §§ 441a(f) and 441b(a) require that acceptance be made with knowledge that the contribution is prohibited. The General Counsel does not even allege that acceptance was made with such knowledge and, in fact, it was not. Moreover, the allegations concerning the receipt of a prohibited corporate contribution and

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the improper reporting of an obligation are based upon a mistake by the General Counsel in interpreting the facts involved.

Based upon the following factual and legal discussion, it appears that no violation of Title 2 has taken place. Therefore, it is respectfully requested that the Commission take no further action against the Committee with respect to its alleged violation of the above-cited statutory provisions.

EXCESSIVE CONTRIBUTIONS FROM INDIVIDUALS

FACTS

During the primary campaign, the Committee received tens of thousands of contributions from individuals. The Committee screened these contributions by employing the procedures described below to insure that no contribution accepted exceeded the $1,000 limitation. Contributions determined to exceed the $1,000 limitation were reapportioned or refunded as promptly as possible.

GENERAL COUNSEL'S ARGUMENT

The Commission found reason to believe that a violation of 2 U.S.C. § 441a(f) had occurred, because the General Counsel found, after citing 11 C.F.R. § 103.3(b)(1), that the Committee had violated 2 U.S.C. § 441a(f) "by accepting $100,379.94 in excessive contributions from 259 individuals," and "[w]hile the Committee has reapportioned certain contributions and refunded other contributions, these apparent facts do not in the General Counsel's view vitiate a violation of the contribution limitations."

ANALYSIS

1. No Excess Contributions Were Knowingly Accepted

The Commission's determination that there is reason to believe that a violation of 2 U.S.C. § 441a(f) has occurred is incorrect, because 2 U.S.C. § 441a(f) states: "No candidate or political committee shall knowingly accept any contribution . . . in violation of the provisions of this section." (Emphasis added.) The General Counsel has not alleged that the Committee knowingly accepted any contribution in violation of 2 U.S.C. § 441a. In fact, the Committee did not knowingly accept any

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prohibited contribution and, therefore, did not violate 2 U.S.C. § 441a(f).

To establish a violation of 2 U.S.C. § 441a(f), the General Counsel must show that the Committee: 1) accepted a contribution; 2) knowing the contribution to be in violation of 2 U.S.C. § 441a. Acceptance occurs at the time a contribution is deposited. United States v. Chestnut, 533 F.2d 40 (2d Cir. 1976). Therefore, to violate 2 U.S.C. § 441a(f), the Committee must have known at the time of deposit that the contribution violated one of the limits set forth in 2 U.S.C. § 441a.[1/] Any knowledge gained after deposit is irrelevant to establish a violation of 2 U.S.C. § 441a(f).[2/]

"Knowingly" is not defined by either the Federal Election Campaign Act (2 U.S.C. § 431 et seq.) or the Presidential Election Campaign Fund Act (26 U.S.C. § 9001 et seq.) or their implementing regulations. In general, case law finds a knowing violation when a person is shown to have knowledge of all of the facts which establish a violation. See, e.g., United States v. Keegan, 331 F.2d 257 (7th Cir.), cert. denied, 379 U.S. 828

1/ Closely analogous to the wording of 2 U.S.C. § 441a(f) are laws prohibiting the receipt of stolen property. Cases interpreting these statutes hold that to be guilty of receiving stolen property, an individual must know at the time of receipt of the property that the property was stolen. See, United States v. Lambert, 463 F.2d 552 (7th Cir. 1972); United States v. Butler, 494 F.2d 1246 (10th Cir. 1974); McGee v. State, 65 P.2d 207, 60 Okl. Cr. 436 (1937). Knowledge gained later that the property was stolen may establish the crime of possession of stolen property, but it does not establish the crime of receiving stolen property. See, United States v. Koran, 453 F.2d 144 (10th Cir. 1972). These cases are of particular value because "receiving" and "accepting" are synomous in meaning. Standard Oil Co. v. United States, 164 F. 376 (7th Cir. 1908), cert. denied, 212 U.S. 579 (1909).

2/ Knowledge gained after acceptance (deposit) may be relevant to establishing compliance with 11 C.F.R. § 103.3(b). However, 11 C.F.R. § 103.3(b) is irrelevant to finding a violation of 2 U.S.C. § 441a(f) and, moreover, the General Counsel did not determine that the Committee violated 11 C.F.R. § 103.3(b). However, to forestall such a determination in the future, see discussion infra, demonstrating the Committee's compliance with the requirements of 11 C.F.R. § 103.3(b).

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(1964); Oregon-Washington R. and Nav. Co. v. United States, 205 F. 337 (9th Cir. 1913); United States v. Key Line Freight, Inc., 481 F. Supp. 91 (W.D. Mich. 1977), aff'd, 570 F.2d 97 (6th Cir. 1978).

In Federal Election Commission v. California Medical Association, 502 F. Supp. 196 (N.D. Cal. 1980), aff'd (on certified appeal of constitutional questions), 641 F.2d 619 (9th Cir. 1980), cert. den., 101 S. Ct. 7212 (1981), the court found a violation of 2 U.S.C. § 441a(f). Although no explicit definition of "knowingly" was given, the facts of the case give some indication as to the court's construction of "knowingly."

In that case, an organization known as CMA was affiliated with a registered political committee known as CALPAC. CMA directly paid CALPAC's administrative and operating expenses, including salaries, rent, office supplies, postage, computer services and travel costs. The payment was made pursuant to an agreement between the two organizations. The central issue involved was whether the in-kind payments were contributions and whether they exceeded the applicable contribution limit. After finding that the payments by CMA to CALPAC were contributions and did exceed the applicable contribution limit, the court concluded that CALPAC had violated 2 U.S.C. § 441a(f) by "knowingly accepting such excessive contributions from CMA during each of the years in question. The record clearly establishes that CALPAC knew that CMA was paying for its operating and administrative expenses and that CALPAC voluntarily and intentionally accepted CMA's in-kind payments." California Medical Association, at 203.

Thus, the court found that CALPAC knew that it was receiving specific amounts of monies from CMA per the agreement and whether or not CALPAC knew that acceptance of these funds in this amount violated 2 U.S.C. § 441a was irrelevant. "CALPAC knew the fact (accepting in-kind contributions exceeding $5,000 from CMA) which rendered its conduct unlawful. Such knowledge is sufficient to create civil liability under 2 U.S.C. § 441a(f)." Id. This decision appears to be in accord with the cases cited above that for a knowing violation to occur, all facts which establish the violation must have been known.

A knowing violation will not occur, however, because of a failure to become aware of all the facts which establish a violation through inadvertence or negligence. See, United States v. Jewell, 532 F.2d 697 (9th Cir.), cert. den., 426 U.S. 951 (1976); United States v. Haney Chevrolet, Inc., 371 F. Supp. 381 (M.D. Fla. 1974). Thus, even if it is assumed that because of system inadequacies the Committee did not know at the time of

acceptance that a contribution exceeded the $1,000 limitation, a violation of 2 U.S.C. § 441a(f) cannot be found.

Therefore, unless the General Counsel can show that the Committee had knowledge at the time of acceptance (deposit) of a contribution that the contributor had in fact contributed more than $1000, the Committee cannot be found to have knowingly accepted a prohibited contribution. The General Counsel has not offered and cannot offer such evidence.

2. 11 C.F.R. § 103.3(b) Is Irrelevant To Establishing A Violation Of 2 U.S.C. § 441a(f); However, The Committee Fully Complied With Its Requirements

The General Counsel's brief cites 11 C.F.R. § 103.3(b) apparently to support its conclusion that the Committee violated 2 U.S.C. § 441a(f). 11 C.F.R. § 103.3(b) reads as follows:

> (1) Contributions which appear to be illegal shall be, within ten days, either returned to the contributor or deposited into the campaign depository and reported. If deposited, the treasurer shall make and retain a written record noting the basis for the appearance of illegality. A statement noting that the illegality of the contribution is in question should be included in the report. The treasurer shall make his or her best efforts to determine the legality of the contribution.
>
> (2) When a contribution cannot be determined to be legal, refunds shall be made within a reasonable time, and the treasurer shall note the refund by amending the current report or noting the change on the Committee's next required report.

The heading to 11 C.F.R. § 103.3 reads:

> Deposit of Receipts and Disbursements (2 U.S.C. 432(h)(1)).

As indicated by the heading to 11 C.F.R. § 103.3, that section purports only to implement 2 U.S.C. § 432(h)(1). It has no affect on or relationship to 2 U.S.C. § 441a(f). Therfore, 11

C.F.R. § 103.3(b) is of no relevance in determining the existence of a violation of 2 U.S.C. § 441a(f).

However, any conclusion by the General Counsel or the Commission that the Committee was in violation of 11 C.F.R. § 103.3(b) is improper. That section requires a treasurer to use "his or her best efforts to determine the legality of the contribution" and to refund "within a reasonable time" those contributions which cannot "be determined to be legal." The Committee used its best efforts in screening contributions and refunded appropriate contributions within a reasonable time and otherwise fully complied with 11 C.F.R. § 103.3(b).

The best efforts test was incorporated in 2 U.S.C. § 432(d)(2)(i) and 11 C.F.R. § 104.7 to prevent committees from being overburdened with the administrative requirements of the Act, which in Congress' view would defeat the purposes of the Act.

> The best efforts test is specifically made applicable to recordkeeping and reporting requirements in both Title 2 and Title 26. The test of whether a committee has complied with the statutory requirements is whether its treasurer has exercised his or her best efforts to obtain, maintain, and submit the information required by the Act. If the treasurer has exercised his or her best efforts, the committee is in compliance. Accordingly, the application of the best efforts test is essential to the enforcement of the recordkeeping and reporting provisions of the Act. It is the opinion of the Committee that the Commission has not adequately incorporated the best efforts test into its administrative procedures, such as systematic review of reports.

H.R. Rep. 96-422, 96th Cong., 1st Sess. 14 (1979) (emphasis added).

The meaning of the best efforts test is not clear, because both 2 U.S.C. § 432(h)(2)(i) and 11 C.F.R. § 104.7 use the term "best efforts" without further clarification to define what is required. Little administrative interpretation of "best efforts" is available. Therefore, case law must be relied upon to define "best efforts."

Case law shows that "'[b]est efforts,' like 'reasonable care' is a term which necessarily takes its meaning from the

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circumstances." Perma Research and Development Co. v. Singer Co., 308 F. Supp. 743, 748 (S.D.N.Y. 1970). What courts appear to look for in the circumstances is a reasonable or good faith effort to do that which the party is capable of doing to fulfill its responsibilities. See, Western Geophysical Company v. Bolt Associates, 584 F.2d 1164 (2d Cir. 1970); Bloor v. Falstaff Brewing Corp., 454 F. Supp. 258 (S.D.N.Y. 1978), aff'd, 601 F.2d 609 (2d Cir. 1979); U.C.C. § 2-306(2), Official Comment 5.

Therefore, to determine if the Committee used its best efforts in refunding excess contributions, the circumstances involved must be examined. The alleged violations occurred during the presidential primary campaign. Because the primary campaign was partially funded with contributions (see, 26 U.S.C. § 9034) and lasted for many months, tens of thousands of contributions were received during the campaign.

The Committee used certain procedures to prevent retention of excess contributions (i.e., to refund contributions when appropriate). Records of each contribution were created and entered into a computer system by contributor name. The system was programmed to match current contributions with prior contributions to establish the total amounts contributed by name. Reports were generated periodically identifying contributors exceeding the $1,000 limitation. Contributors so identified were contacted as promptly as possible to verify total contributions made. Upon confirmation of an excess contribution, reattributions were made, when appropriate, in accordance with 11 C.F.R. § 9034.2(c)(1). Thereafter, necessary refunds were made as promptly as possible.[3/]

These procedures demonstrate that the Committee implemented reasonable systems and made a good faith effort to comply with all laws and regulations and a finding that the Committee exercised its best efforts is appropriate. (See also, MUR 553 (78).)

The amount of contributions actually reapportioned or refunded upon discovery that certain contributions were or may have been improper further evidences the Committee's good faith efforts. As noted on page 2 of the General Counsel's brief:

> In regard to the $100,379.94 in apparent excessive contributions, the Committee appears to have refunded contributions

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3/ Further verification or explanation will be provided to the Commission, if appropriate.

> totalling $56,580.94, reapportioned contributions to other individuals totalling $40,374 and provided no response concerning $3,425 in excessive contributions. However, documentation was provided for only $50,178.44 of the $56,580.94 apparently refunded and for $29,544 of the $50,374 apparently reapportioned. Moreover, of the documentation of refunds ($50,178.44) only $33,614.94 constituted full documentation, and of the documentation of reapportionments ($29,554) only $29,289 constituted full documentation. (Emphasis in original.)

For all the reasons discussed above, the Committee must be found to have exercised its best efforts in returning prohibited contributions and must, therefore, be found to be in compliance with 11 C.F.R. § 103.3(b).

The Committee also complied with the requirement of 11 C.F.R. § 103.3(b) that contributions which are or cannot be determined to be legal must be refunded within a reasonable time. "Reasonable time" is not defined by the Act or the implementing regulations. However, case law establishes that reasonable time is "a question of law, depending upon all the circumstances of the particular case." Paine v. Central Vermount Railroad Co., 118 U.S. 152, 160 (1886). Among the circumstances usually found crucial to determining reasonable time are: prior experience (In re Boston & Maine Corp., 378 F. Supp. 68 (D. Mass. 1974)); what a person of ordinary diligence and prudence would do in similar circumstances (Glen Cove Marina, Inc. v. Vessel Little Jennie, 269 F. Supp. 877 (E.D.N.Y. 1967)); and standards of performance in the industry (Empacadora Del Norte, S.A. v. Steiner Shipyard, Inc., 469 F. Supp. 954 (S.D. Ala. 1979)).

The Committee clearly acted in a reasonable time in refunding contributions in view of the following circumstances: (1) the magnitude of contributions received during the extended primary campaign; (2) the adequacy of the Committee's system for determining contributions requiring a refund; (3) other compliance and operational demands upon the accounting and computer systems; (4) the need to verify internally reported excess contributions prior to contacting the contributor; and (5) time required to correspond with a contributor who appeared to have exceeded the $1,000 limit. Considering all the circumstances, the reasonableness of the Committee's accounting and computer systems, and the similarity of these systems to

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systems used by other political committees, refunds of excess contributions were made within a reasonable time.

For these reasons, the Commission must find that the Committee was in full compliance with 11 C.F.R. § 103.3(b) and that no future action should be taken on these issues.

CORPORATE CONTRIBUTION

FACTS

Luther E. Thomas (a/k/a Tommy Thomas) was Florida State Chairman for the Committee during the primary campaign. During this period, Mr. Thomas worked extensively throughout Florida on behalf of the Committee. These efforts and associated travel resulted in numerous expense charges to Mr. Thomas' personal credit card accounts, especially American Express. The expenses charged were for cars, hotels, telephones, and meals.

Upon incurrence of personal credit charges, Mr. Thomas designated expenses incurred on Committee matters, and these expenses were noted for accumulation in Mr. Thomas' personal account for expenses incurred during Committee work. These charges, as well as all of Mr. Thomas' personal charges made while traveling, were accumulated and recorded by Mr. Thomas' bookkeeper at Tommy Thomas Chevrolet, Inc. When Mr. Thomas received credit card bills, the expense chits identified to Committee activities were forwarded to the Committee for reimbursement. To Mr. Thomas' knowledge and belief, most if not all requests were under cover of a personal letter. Tommy Thomas Chevrolet, Inc. as a matter of convenience, paid Mr. Thomas' credit card bills.

The Committee received Mr. Thomas' initial reimbursement request on April 11, 1979 and, to the Committee's knowledge and belief, Mr. Thomas was reimbursed on April 27, 1979. Thereafter, reimbursement requests were received periodically but no further reimbursements were made, apparently because Mr. Thomas' file was misplaced during the Committee's move to California. On September 30, 1980, the Committee received a final cumulative reimbursement request. This request was on Tommy Thomas Chevrolet, Inc.'s letterhead and was submitted "at the request of Mr. Tommy Thomas." Supporting documentation was included for each expense claimed. The documentation consisted of individual credit card slips which, almost exclusively, were on Mr. Thomas' personal credit accounts. To the Committee's knowledge and belief, Mr. Thomas was reimbursed for all but $286.31 of the claimed expenses on February 17, 1981.

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Mr. Thomas is the sole stockholder of Tommy Thomas Chevrolet, Inc.

GENERAL COUNSEL'S ARGUMENT

The Commission determined that there is reason to believe that a violation of 2 U.S.C. § 441b(a) had occurred based upon the General Counsel's finding:

> [T]hat a contribution of $9,466.60 from Tommy Thomas Chevrolet Co., Inc. to the Committee existed as a result of the advance made to the Committee by Tommy Thomas Chevrolet Co., Inc. While the Commission regulations at 11 C.F.R. § 114.10 permit a corporation to extend credit to federal candidates and political committees, the Regulations require that the credit be extended in the ordinary course of the corporation's business in order for a contribution not to occur. It is the position of the General Counsel that the exemption is not applicable in this situation because the extension of credit by Tommy Thomas Chevrolet Co., Inc. to the Committee cannot be considered to be in the ordinary course of the corporation's business. The extension of credit by a corporation in the 'ordinary course' of its business, necessarily implies that the credit results from the provision of goods or services by the corporation which was extending the credit. In the instant matter, Tommy Thomas Chevrolet Co., Inc. appears to have incurred expenses unrelated to its business on behalf of the Committee. It is, therefore, the view of the General Counsel that there is reason to believe the Committee violated 2 U.S.C. § 441b(a) by accepting an advance of $9,466.60 from Tommy Thomas Chevrolet Co., Inc.

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ANALYSIS

1. The Monies Expended Were Expended by Mr. Thomas on Behalf of the Reagan for President Committee and Did Not Represent Contributions by Tommy Thomas Chevrolet, Inc.

The expenses incurred by Mr. Thomas were incurred in performance of his duties as Florida State Chairman for the Committee. The expenses were charged to Mr. Thomas' personal credit accounts. The fact that Tommy Thomas Chevrolet, Inc. paid these expenses on behalf of Mr. Thomas does not change the fact that they were expenses of Mr. Thomas.

To find that Tommy Thomas Chevrolet, Inc. made an advance to the Committee ignores reality. American Express accounts must be paid within thirty days. The Committee through apparent inadvertence failed to reimburse Mr. Thomas on a timely basis. That Mr. Thomas paid these bills prior to reimbursement is, therefore, not surprising, and the fact that Tommy Thomas Chevrolet, Inc. wrote the checks to American Express simply indicates no more than it was convenient for Mr. Thomas to record and pay his travel expenses through his wholly-owned corporation.

In addition, the General Counsel's finding exalts form over substance. Mr. Thomas was Florida State Chairman; Mr. Thomas incurred the expenses as part of his duties as Chairman; Mr. Thomas charged these expenses on his personal credit cards; Mr. Thomas sought reimbursement; and Tommy Thomas Chevrolet, Inc. was not involved in any of the activities, except possibly through inadvertence. Therefore, there is no justification to find that, because Mr. Thomas' wholly-owned corporation administered his personal accounts (i.e. accounted for and paid for these expenses pending reimbursement), the corporation assumed Mr. Thomas' personal accounts and advanced money to the Committee. If an advance was made, it was in fact made to Mr. Thomas and not the Committee.

For these reasons, the Commission should determine that Tommy Thomas Chevrolet, Inc. made no advance or contribution to the Committee in violation of 2 U.S.C. § 441b(a), and therefore, the Committee did not violate 2 U.S.C. § 441b(a), and no further action should be taken on this issue.

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2. The Expenses Were Incurred in the Ordinary Course of Business

The General Counsel asserts that Tommy Thomas Chevrolet, Inc. extended credit to the Committee and that this extension of credit was not in the ordinary course of the corporation's business and, therefore, constituted an advance which, pursuant to 2 U.S.C. § 431(8)(A), is a contribution.

FEC regulations implementing 2 U.S.C. § 431(8)(A), however, limit the meaning of the term "advance" to "[t]he extension of credit by any person for a length of time beyond normal business or trade practice . . . ." 11 C.F.R. § 100.7(a)(4). The term "normal business or trade practice" modifies the length of time for extending credit and does not, as the General Counsel asserts, refer to the nature of the business conducted. Therefore, under 11 C.F.R. § 100.7(a)(4) only the time within which a corporation sought and received reimbursement is at issue in determining whether the extension of credit constitutes an advance and thus a contribution.

Tommy Thomas Chevrolet did not extend credit to the Committee for any length of time beyond its normal business practice. Rather, as noted previously, expenses were incurred, the Committee was billed, attempts were made to collect from the Committee and reimbursement was subsequently received. These efforts to obtain payment bring Tommy Thomas Chevrolet, Inc. into compliance with the provisions of 11 C.F.R. § 100.7(a)(4) since it "made a commercially reasonable attempt to collect the debt at issue."

Moreover, case law supports the conclusion that because Tommy Thomas Chevrolet, Inc. had no donative intent when it allegedly incurred the expenses, it will be implied that the actions were made in the ordinary course of business. Carson v. Commissioner of Internal Revenue, 641 F.2d 864 (10th Cir. 1981). In Carson, the plaintiff made numerous campaign contributions to candidates for local office. The commissioner sued on grounds that the contributions were gifts under the Internal Revenue Code and, therefore, subject to gift tax. The court found that contributions are not a gift if made in the ordinary course of business. In determining the ordinary course of business, the court found that "absence of donative intent is relevant under treasury regulation in determining whether a transfer is made in the ordinary course of business." Treasury Regulation § 25.2512-8 states:

> . . . a sale, exchange or other transfer made in the ordinary course of business (a

> transaction which is bona fide, at arms length and free from any donative intent), will be considered as made for an adequate and full consideration of money or monies worth.

Therefore, under Carson, the intent of a company incurring expenses is determinative as to whether the expenses were incurred in the ordinary course of business.

This standard is clearly analogous to the facts at issue herein. Tommy Thomas Chevrolet, Inc. allegedly incurred expenses for or extended credit to the Committee. No donative intent was present because both Tommy Thomas Chevrolet, Inc. and the Committee intended and expected that full repayment would be made and that it would be made in a reasonable time. The periodic reimbursement requests, the initial payment, and the final payment by the Committee support this conclusion.

For each of these reasons, Tommy Thomas Chevrolet, Inc. never made an advance or a contribution to the Committee and, hence, did not violate 2 U.S.C. § 441b(a). Therefore, the Committee cannot be found to have violated 2 U.S.C. § 441b(a), and the Commission should take no further action on this issue.

3. The Committee Did Not Knowingly Accept a Contribution in Violation of 2 U.S.C. § 441b(a)

As discussed previously, Mr. Thomas incurred reimbursable expenses which were paid on his behalf by Thommy Thomas Chevrolet, Inc. To the Committee's knowledge, Mr. Thomas incurred these expenses performing his duties as Florida State Chairman of the Committee, and Mr. Thomas, like all agents of the Committee, expected reimbursement for these expenses. Letters which might have been received and which may have borne Tommy Thomas Chevrolet, Inc.'s letterhead were not sufficient to change this knowledge, because the attached supporting documentation included, almost exclusively, charge slips on Mr. Thomas' personal accounts. Therefore, the only knowledge possessed by the Committee was that Mr. Thomas incurred expenses on behalf of the Committee for which he expected reimbursement and that requests for reimbursement were submitted by or on behalf of Mr. Thomas.

2 U.S.C. § 441b(a) makes it unlawful "for any candidate, political committee, or other person knowingly to accept any contribution prohibited by this section." This language is virtually identical to the language found in 2 U.S.C.

§ 441a(f). Therefore, the discussion, supra, defining "knowingly," "accepted," and what must be known at the time of acceptance, is equally applicable here. It is clear that the Committee did not know all facts necessary to establish that it may have received a contribution from a corporation, and without such knowledge, a knowing acceptance and a violation of 2 U.S.C. § 441b(a) cannot be found.

As also discussed previously, the timing of a refund of a prohibited contribution is irrelevant to finding a violation of 2 U.S.C. § 441a(f). For the same reasons, the timing of a refund of a corporate contribution is irrelevant to finding a violation of 2 U.S.C. § 441b(a).

For these reasons, the Commission must find that the Committee did not violate 2 U.S.C. § 441b(a) and that no further action should be taken on this issue.

REPORTING OF DEBTS AND OBLIGATIONS IN REGARD TO TOMMY THOMAS CHEVROLET CO., INC.

FACTS

The Committee's books reported a debt to an individual named Tommy Thomas. This debt reflected Mr. Thomas' expenditures incurred while Florida State Chairman of the Committee that were to be reimbursed by the Committee. Requests for reimbursement, to the Committee's knowledge and belief, were under cover of personal letters from Mr. Thomas and included supporting documentation showing that almost all expenses were charged to the personal credit accounts of Mr. Thomas. A reimbursement request was received in October, 1980 for all expenses incurred by Mr. Thomas that had yet to be reimbursed. This request was on Tommy Thomas Chevrolet, Inc.'s letterhead and was submitted "at the request of Tommy Thomas." Supporting data attached to this letter showed credit charges almost exclusively to the personal accounts of Mr. Thomas and that payment of the charges had been made by Tommy Thomas Chevrolet, Inc.

GENERAL COUNSEL'S ARGUMENT

The Commission determined that there is reason to believe that the Committee violated 2 U.S.C. § 434(b)(8) because, as found by the General Counsel:

[T]he invoice to the Committee from the corporation expressly stated that expenses were paid by the corporation, and the supporting documentation provided to the Committee with the invoice substantiates such payment, it is the position of the General Counsel that the Committee violated 2 U.S.C. § 434(b)(8) by failing to report the correct identification of the entity to whom the obligation was owed.

ANALYSIS

1. The Obligation Was to Mr. Thomas Not Tommy Thomas Chevrolet, Inc.

The obligation reflected on the Committee's books resulted from the Committee's understanding that the expenses were to be and were in fact incurred by Mr. Thomas in performance of his duties as Florida State Chairman. Supporting documents and Mr. Thomas' periodic requests for reimbursement supported this understanding. To the Committee's knowledge and belief, Tommy Thomas Chevrolet, Inc. had no relationship with the Committee. (See also, discussions concerning the question of a corporate contribution, supra.) Therefore, to the Committee's knowledge and in the exercise of its best efforts, the Committee's only obligation was to reimburse Mr. Thomas for the expenses he incurred on behalf of the Committee and the recording of an obligation to Mr. Thomas was correct.

Moreover, assuming that the September 30, 1981 reimbursement request on Tommy Thomas Chevrolet, Inc.'s letterhead made "at the request of Mr. Thomas" should have altered the Committee's understanding as to whom the debt was owed, the failure to rectify the books was simply an inadvertent mistake which in no way indicated that the Committee was not making its best efforts to comply with reporting requirements. (See, discussion on best efforts, supra, and MUR 1003 (1979)). It is not the purpose of the conciliation process to penalize the Committee for inadvertent mistakes made despite its best efforts. (See, H.R. Rep. 97-30, 97th Cong., 1st Sess. 2 (1979).)

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2. Identification of the Entity to Whom an Obligation is Owed is Not Required by Statute or Regulation

As support for its conclusion that the Committee was obligated, pursuant to 2 U.S.C. § 434(b)(8), to identify the person to whom the obligation at issue was owed, the General Counsel cited Schedule C-P, FEC Form 3P. However, neither 2 U.S.C. § 434(b)(8) or 11 C.F.R. § 104.3(d) require identification of the person to whom an obligation is owed. Because the Committee's alleged failure to properly report the identity of a creditor does not create a violation of 2 U.S.C. § 434(b)(8), no enforcement action may be taken by the Commission.

Legislative history clearly indicates that the FEC is limited to administering the Federal Election Campaign Act (2 U.S.C. § 431 et seq.) and the Presidential Election Campaign Fund Act (26 U.S.C. § 9001 et seq.) only by formally promulgated regulations. Congress intended to prevent the administration of the Acts in a manner contrary to Congressional intent and, therefore, required that all proposed rules and regulations be submitted to Congress for review. (2 U.S.C. § 438(d), as amended; 26 U.S.C. §§ 9000, 9039, as amended.)

This statutory mandate to administer the Acts only by formally promulgated regulations is clear on its face and the legislative history confirms this intent:

> (T)hat the advisory opinions and regulations shall be the only means through which the Commission may establish guidelines and procedures for carrying out the Act.

H. R. Rep. No. 94-917, 94th Cong., 2d Sess. 3 (1976), reprinted in Legislative History of Federal Election Campaign Act Amendments of 1976, at 803 (1977). (Emphasis added.) The legislative history of the 1980 amendments to the Acts, includes the following which also underscores the Congressional intent:

> Section 106 amends section 307 of the Act relating to the powers of the Federal Election Commission as follows: (1) Section 307(a)(9) of the Act as redesignated by section 105(3) of the bill is stricken from the Act. This section which allowed the Commission to formulate general policy with respect to the administration of the Act and Title 26, was deleted to insure that the formulation of general policy is done

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through the regulatory process which is open to public comment.

H.R. Rep. No. 96-422, 96th Cong., 1st Sess. 18, reprinted in [1979] U.S. Code Cong. & Ad. News 2860, 2879. (Emphasis added.)

The schedules cited by the General Counsel are not binding because they are not formally promulgated rules or regulations, and Congress has prohibited the FEC from administering the Acts in any way except through the designated rulemaking process. Therefore, the Committee did not violate 2 U.S.C. § 434(b)(8) by the alleged failure to identify the party to whom an obligation was owed.

For these reasons, no further action should be taken against the Committee on this issue.

CONCLUSION

The Reagan for President Committee respectfully requests that for all of the reasons cited above, the Commission take no further action concerning the three findings of reason to believe involved herein.

Sincerely yours,

Edward L. Weidenfeld

cc: Ms. Maura White

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November 16, 1981

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HAND DELIVERED

Ms. Maura White
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1360

Dear Maura:

With respect to the above-captioned MUR, enclosed please find our responses to the Commission's "reason to believe" notices for the following individuals and entities who have authorized us to represent them in this matter:

1. Mrs. B. F. Weekley
2. Mr. Albert B. Frowiss
3. Mr. Thomas W. Sefton
4. Mr. Forrest C. Lattner
5. Mr. Peter Hon
6. Tommy Thomas Chevrolet Co., Inc.
7. Reagan for President Committee

If you have any questions concerning these submissions, please feel free to call either Tom Lemmer or me.

Sincerely,

Maureen Duignan

Enclosure

cc: Charles N. Steele, Esq.

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*NOT ADMITTED IN D.C.

WRITER'S DIRECT DIAL NUMBER
(202) 789-7566

November 16, 1981

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HAND DELIVERED

Ms. Maura White
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1360

Dear Maura:

With respect to the above-captioned MUR, enclosed please find our responses to the Commission's "reason to believe" notices for the following individuals and entities who have authorized us to represent them in this matter:

1. Mrs. B. F. Weekley
2. Mr. Albert B. Frowiss
3. Mr. Thomas W. Sefton
4. Mr. Forrest C. Lattner
5. Mr. Peter Hon
6. Tommy Thomas Chevrolet Co., Inc.
7. Reagan for President Committee

If you have any questions concerning these submissions, please feel free to call either Tom Lemmer or me.

Sincerely,

Maureen Duignan

Enclosure

cc: Charles N. Steele, Esq.

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WRITER'S DIRECT DIAL NUMBER
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November 16, 1981

3040180037

The Honorable John Warren McGarry
Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Re: MUR 1360: Matter of Mrs. B. F. Weekley

Dear Mr. McGarry:

By letter dated September 29, 1981, the Federal Election Commission ("Commission") notified Mrs. Weekley that it had determined there was "reason to believe" she violated § 44la(a)(1)(A) of the Federal Election Campaign Act of 1971, as amended, ("the Act") by making contributions to the Reagan for President Committee ("Committee") in excess of $1,000.

Based upon the following factual and legal discussion, it is respectfully requested that no further action be taken against Mrs. Weekley.

Facts

During the presidential primary campaign, Mrs. Weekley contributed to the Reagan for President Committee on eight separate occasions. Six of the eight contributions made by Mrs. Weekley were for $500 or less; none were more than $750. Through the aggregation of these contributions, Mrs. Weekley exceeded the Act's contribution limitation for individuals. It is

doubtful, however, that Mrs. Weekley knew of this restriction. Mrs. Weekley is ninety years old and her familiarity with the federal election laws is limited.

Through the Committee's own initiatives, and more than one year before the Commission's "reason to believe" determination, the entire excess portion of Mrs. Weekley's contribution was returned. The excess amount was refunded by the Committee by check dated August 11, 1980, thereby rendering Mrs. Weekley in compliance with the law's $1,000 contribution limit for individuals. (See Attachment A.) Through this accounting, therefore, the Committee and Mrs. Weekley voluntarily obtained compliance with the Act.

Discussion

Essential to the Commission's decision whether to take further action against Mrs. Weekley is the statutory purpose that would be advanced by such a determination. The Federal Election Campaign Act is designed to encourage voluntary compliance. As such, the purpose of the conciliation process provided for by statute is to correct violations of the campaign laws, not punish those who may have commited an inadvertent error. These purposes were recently expressed in a report issued by the Committee on House Administration in connection with its review of the Federal Election Commission's Annual Authorization for Appropriations for Fiscal Year 1982. The "Findings" adopted by the Committee stated that:

> It is the Committee's opinion that the Commission expends too large a share of its resources pursuing minor, inadvertent violations of campaign law. As a prime example, the Commission appears to misconceive the purpose of the conciliation process. The purpose is not punitive but corrective. The Commission's practice of requiring an admission of guilt is not required by statute and runs contrary to the principle of voluntary compliance.

H.R. Rep. No. 97-30, 97th Cong., 1st Sess. 2 (May 7, 1981) (emphasis added).

Considering the Committee findings quoted above, further action against Mrs. Weekley would be inappropriate and contrary to the legislative intent of the Federal Election Campaign Act. First, the Committee and Mrs. Weekley have already achieved voluntary compliance with the Act. This was accomplished through a

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refund made pursuant to the Committee's own initiatives more than one year before the Commission notified Mrs. Weekley of its "reason to believe" determination. Second, the purpose of the conciliation process is corrective, not punitive. That objective has already been satisfied. The Committee, upon discovering a questionable contribution, refunded all excessive amounts to Mrs. Weekley. This correction rendered Mrs. Weekley within her $1,000 limit.

The Commission's "reason to believe" determination in Mrs. Weekely's case is based on a minor, inadvertent violation of the campaign laws. Because her contribution error has long been corrected through voluntary means, no justification exists for proceeding further against Mrs. Weekley.

Conclusion

In light of the above factual and legal discussion, it is respectfully requested that no further action be taken against Mrs. Weekley and that the file in this matter be closed.

Sincerely yours,

Edward L. Weidenfeld

cc: Ms. Maura White

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8 3 0 4 0 3 8 0 7 Attachment A

August 5, 1980

Mrs. B.F. Weekley
15 Valley Ridge
Ft Worth, TX 76107

Dear Mrs. Weekley,

It was with the help of persons such as you that we successfully ended the primary campaign with the nomination of Ronald Reagan.

Our records indicate that you contributed $4100 during the primary. We are, therefore, refunding you $3100. Please find our check enclosed for that amount.

The Reagan/Bush Compliance Fund has recently been established to raise and expend money for legal and accounting costs related to the general election (see attached fact sheet). The law allows a maximum contribution of $1000 for the primary and $1000 for the general election Compliance Fund. A self-addressed envelope is enclosed for your convenience.

Thank-you again for your generosity and support.

Sincerely,

Bay Buchanan
Treasurer

REAGAN FOR PRESIDENT 991

15-3/540

August 11, 1980

PAY TO THE ORDER OF MRS. B.F. WEEKLEY $3,100.00

#8713781C5 3100 DOLS 00 CTS DOLLARS

The RIGGS NATIONAL BANK of WASHINGTON D.C.
MAIN OFFICE 1503 PENNSYLVANIA AVENUE, N.W.

FOR Contribution Refund Bay Buchanan

"000991" "054000030" 01 "0833911"

AG '80' 25
REPUBLIC NAT'L BANK DALLAS, TEXAS PAY ANY BANK-P.E.G.

PAY ANY BANK, P.E.G.
RIDGLEA BANK
FT. WORTH TEXAS
37-67

000 082280 23342

Mrs. B.F. Weekley

8304030877

Thomas W. Sefton

October 8, 1981

Federal Election Commission
Washington, D.C. 20463

Attention: Maura White

Re: MUR #1360

Dear Ms. White:

This is in response to your letter to me, dated September 29, 1981. I hope that this correspondence and the enclosed affidavit clear up any confusion which exists concerning contributions made by me and my wife to the campaign of Ronald Reagan.

The facts outlined in the General Counsel's Factual and Legal Analysis correctly state that a total of $2,200 was contributed during the course of the Reagan campaign. However, the contributions were made under the following circumstances:

1. The contribution in April of 1979 in the amount of $200 was intended to be a personal contribution from me to the "Reagan For President Committee" in connection with the primary election in California.

2. The contribution in October of 1979 was intended to be a contribution from me, in the amount of $500 and from my wife, in the amount of $500. I enclosed a note to Nancy Reagan with this contribution indicating that it was being made by both me and my wife.

8304038087

3. The third contribution in July of 1980 was intended to be a designated contribution to the Reagan Legal and Accounting Compliance Fund. I enclosed a letter with this contribution designating it for use in the legal and accounting fund.

Therefore, I personally contributed $700 to the Reagan campaign for use during the primary, my wife contributed $500 to the Reagan campaign for use during the primary, and I personally contributed $1,000 as a designated contribution to the Reagan Legal and Accounting Compliance Fund. Apparently, the contributions were not properly allocated by the Reagan campaign according to our intentions. I regret that this has caused some confusion in connection with the contributions.

Enclosed is an affidavit which I have executed which states the complete facts of the contributions. It is my hope that the Commission will find, after reviewing my affidavit and the documents attached to it, that no violation was intended by me and that the error, if any, which has occurred with respect to the contributions, is a function of incorrect accounting by the campaign committee receiving the contributions.

I look forward to hearing from you in the very near future.

Very truly yours,

Thomas W. Sefton

9304030870

A F F I D A V I T

County of San Diego }
State of California } ss

I, Thomas W. Sefton, being duly sworn, state:

1. This affidavit is submitted to the Federal Election Commission in connection with its MUR #1360. All matters stated herein are of my personal knowledge.

2. On April 2, 1979, I remitted a check #10610 to the "Reagan for President Committee" in the amount of $200; a copy of that item and the cover note to Bob and Betty Adams (personal friends of Mr. and Mrs. Reagan) which accompanied it are attached hereto. This contribution was given in connection with the primary election in California and it was intended to be a personal contribution from me.

3. On October 1, 1979, I remitted a check #10921 in the amount of $1,000 payable to "Reagan For President," and sent this directly to Mr. and Mrs. Reagan. A copy of this check and the note to Mrs. Reagan is also attached hereto. This was intended to be a contribution from me, in the amount of $500, and my wife, in the amount of $500, in anticipation of the California primary. As the note to Mrs. Reagan indicated, my wife and I intended for this contribution to be a contribution from both of us.

4. On July 15, 1980, I remitted another check, #11384, for $1,000 to the "Reagan for President Campaign." This check, a copy of which is enclosed, was accompanied by a letter to Mr. Ronald Reagan of even date, a true and correct copy of which I also enclose. At that time, it was my understanding, based on consultation with a lawyer, that there was a restriction on giving additional funds to the Reagan campaign but that additional funds could be donated to a "legal and accounting fund." I so stated in my letter and intended these funds to be so allocated, not realizing that my check should be specifically directed to a "Compliance Fund" as opposed to the "Campaign." It was, however, clearly my intention to designate this contribution for the legal and accounting fund.

Subscribed and sworn to this _____ day of October, 1981, at San Diego, California.

Thomas W. Sefton

STATE OF CALIFORNIA }
COUNTY OF SAN DIEGO } ss.

On October 9, 1981 before me, the undersigned, a Notary Public in and for said County and State, personally appeared Thomas W. Sefton

known to me to be the person(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same.

WITNESS my hand and Official Seal.

(Seal) Helen K. Diekmann
Notary Public

OFFICIAL SEAL
HELEN K. DIEKMANN
NOTARY PUBLIC - CALIFORNIA
Principal Office in San Diego County
My Commission Exp. July 30, 1984

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REAGAN for PRESIDENT

This is to verify that the donation to Reagan for President in the amount of $ 1,000 , and received by the committee on 10/8/79 , is in fact two individual contributions from the following contributors:

Name Thomas W. Sefton Amount Donated $ 500.00

Address P.O. Box 1871

City San Diego

State Calif. Zip 92112

Signature [signature]

Name Donna K. Sefton Amount Donated $ 500.00

Address P.O. Box 1871

City San Diego

State Calif. Zip 92112

Signature [signature]

Date: 12.3.79 Ref. No. 791008 AA

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DEAN J. ZIPSER*

*NOT ADMITTED IN D.C.

November 16, 1981

WRITER'S DIRECT DIAL NUMBER
(202) 789-

8304083

The Honorable John Warren McGarry
Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Re: MUR 1360: Matter of Thomas W. Sefton

Dear Mr. McGarry:

By letter dated September 29, 1981, the Federal Election Commission ("Commission") notified Mr. Sefton that it had determined there was "reason to believe" he violated § 441a(a)(1)(A) of the Federal Election Campaign Act of 1971, as amended, ("the Act") by making contributions to the Reagan for President Committee ("Committee") in excess of $1,000.

Based upon the following factual and legal discussion, it is respectfully requested that no further action be taken against Mr. Sefton.

Facts

The "reason to believe" determination rendered by the Commission in this case concerns three political contributions to the Reagan for President campaign from Mr. and Mrs. Sefton. First, Mr. Sefton contributed $200 to the Reagan for President Committee on April 9, 1979. Second, by check dated October 1, 1979, Mr. and Mrs. Sefton each contributed $500 to the Committee. A letter indicating that the contribution was from both of

them accompanied this donation. Finally, Mr. Sefton contributed $1,000 to the Committee's Compliance Fund by check dated July 15, 1980. A letter was sent with this contribution designating it for Mr. Reagan's legal and accounting fund. (See Attachment A for copies of all of the documents referred to in this paragraph.)

While reviewing contributor records, a questionable excessive contribution was discovered on the part of Mr. Sefton. Apparently, the Committee was unaware of the letter accompanying the October 1979 donation which indicated that the contribution was from both Mr. and Mrs. Sefton. As a consequence, the Committee's records mistakenly attributed the entire contribution to Mr. Sefton. Thereafter, the Seftons were contacted by the Committee and verified in a statement dated December 3, 1979 that their October 1979 donation represented two individual $500 contributions. (See Attachment B.)

With respect to the July 1980 contribution, Committee personnel may not have realized that Mr. Sefton specifically designated that his donation be applied to the Committee's Compliance Fund. Under the mistaken impression that the donation was for the primary campaign, and in light of the fact the Committee's records indicated Mr. Sefton had reached his legal contribution limit, the Committee refunded $700 to him. (See Attachment C.)

Discussion

Because information relevant to this matter may not have been available to the Commission at the time of its "reason to believe" determination, the legality of Mr. Sefton's contributions to the Committee has been questioned. Based upon the following discussion, however, it is clear that Mr. Sefton contributed to the Committee in accordance with the applicable statutory requirements. Mr. Sefton's letter and affidavit to the Commission dated October 8, 1981, along with its attachments, are particularly significant in demonstrating that no excessive contributions are at issue. (See Attachment A.)

With respect to the October 1, 1979 contribution, several factors indicate that the contribution was from Mr. and Mrs. Sefton. First, in a letter forwarding the donation, it was clearly explained that the contribution was made by both Mr. and Mrs. Sefton. Second, in a statement provided to the Committee less than two months after receipt of this contribution, Mr. and Mrs. Sefton both signed a form verifying they each contributed $500. Finally, the Sefton's contribution was drawn on their joint account, both spouses names clearly appearing on the face

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of the check. Taken together, the written statement accompanying the contribution, the verification notice signed by the Seftons and the contribution drawn on their joint account, clearly evidence the Sefton's intent to make a joint contribution and their good faith effort to comply with the law. Although the specific requirements of 11 C.F.R. § 104.8(d) may not have been technically satisfied, the overwhelming evidence presented by the Seftons clearly satisfies the spirit and intent of the law. Moreover, in light of past Commission determinations involving spousal contributions similar to that involved here, no further action against Mr. Sefton is appropriate. See e.g., MUR 965(79) and MUR 654(78).

Mr. Sefton's contribution of July 15, 1980 for $1,000 was clearly permissible under the law. The Act permits an individual to contribute up to $1,000 to a presidential candidate's compliance fund. (See Federal Election Commission Record, August and September 1980.) Such a fund was established by the Reagan for President Committee in May of 1980. Mr. Sefton contributed $1,000 to that fund in July of 1980. The purpose of his contribution was made clear from the letter accompanying his donation which stated that Mr. Sefton was "hopeful that you [Mr. Reagan] can use this in your legal and accounting fund." (See Attachment A.) As can been seen from this designation, there is no question that Mr. Sefton legally contributed to the Committee's Compliance Fund.

From the documents provided to the Committee by Mr. Sefton, in addition to the statements contained in his affidavit, there is no basis for finding Mr. Sefton in violation of §441a(a)(1)(A). Because Mr. Sefton remained at all times within his legal contribution limits, further action in this matter is not warranted.

Conclusion

Based on the above factual and legal discussion, it is respectfully requested that no further action be taken against Mr. Sefton and that the file in this matter be closed.

Sincerely,

Edward L. Weidenfeld

cc: Ms. Maura White

3040380807

REAGAN-BUSH COMPLIANCE FUND

901 South Highland Street
Arlington, Virginia 22204
(703) 685-3400

December 17, 1980

Mr. Thomas W. Sefton
P. O. Box 1871
San Diego, California 92112

Dear Mr. Sefton:

It is with the support of individuals such as yourself that we have succcssfully elected Ronald Reagan President of the United States.

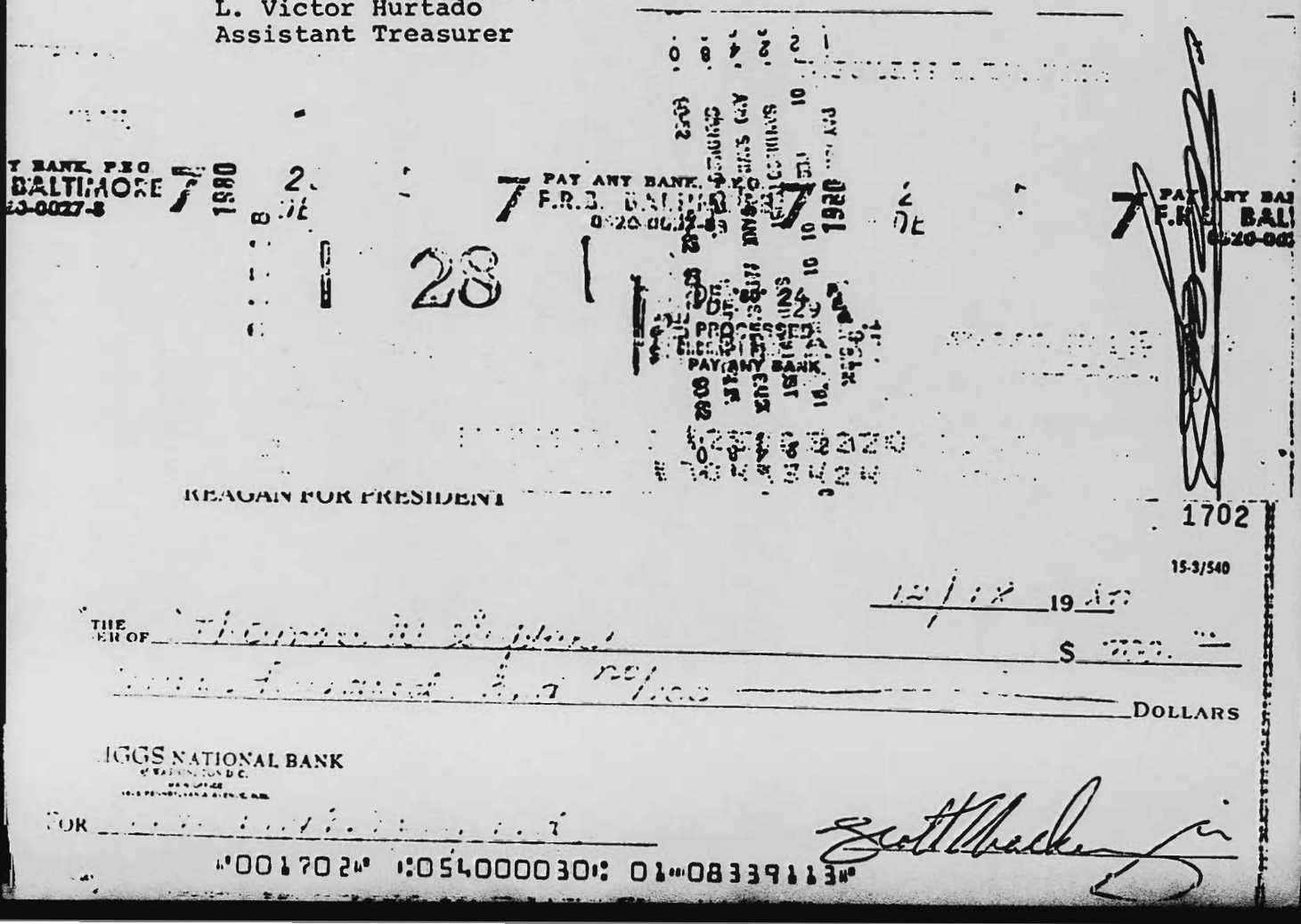
Our records indicate that you contributed $1,700 during the primary campaign. The law allows a maximum contribution of $1,000 for the primary and $1,000 for the general election Compliance Fund. We are, therefore, refunding you $700. Please find our check enclosed for that amount.

The Presidential Transition Foundation, Inc. has recently been established to raise and expend monies to facilitate an orderly transfer of power from the present Administration to the Administration of President-elect Reagan. A fact sheet is also enclosed for your information.

Thank you again for your generosity and support.

Sincerely,

L. Victor Hurtado
Assistant Treasurer



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REAGAN for PRESIDENT

This is to verify that the donation to Reagan for President in the amount of $2000.00, and received by the committee on 4/1/79, 9/13/79, 9/21/79 is in fact two individual contributions from the following contributors:

Name Mr. Albert B. Frowiss Amount Donated $ 1000.00

Address P.O. Box 909

City Rancho Santa Fe,

State CA Zip 92067

Signature X Albert B. Frowiss

Name Mrs. Rosemarie Frowiss Amount Donated $ 1000.00

Address P.O. Box 909

City Rancho Santa Fe

State CA Zip 92067

Signature X Rosemarie Frowiss

Date: ~~5/6/80~~

Ref. No. RFAI 3

83040380375

8 3 0 4 0 6 8 0 8 0 1

CASHIER'S CHECK

44-353815

90-49
1222

DATE 5-12-80

REMITTER ALBERT B. FROMISS

PAY TO THE ORDER OF RONALD REAGAN **********$150.00**********

CALIFORNIA FIRST BANK

CALIFORNIA FIRST BANK

SAN DIEGO MAIN OFFICE
1201 FIFTH AVENUE P.O. BOX 1311
SAN DIEGO, CALIFORNIA 92112

AUTHORIZED SIGNATURE

⑈122200490⑆0535 353815⑈

830408080

8 3 0 4 0 6 0 8 9

REAGAN-BUSH COMPLIANCE FUND

901 South Highland Street
Arlington, Virginia 22204
(703) 685-3400

December 8, 1980

Mr. Albert B. Frowiss
Box 909
Rancho Santa Fe, California 92067

Dear Mr. Frowiss:

It is with the support of individuals such as yourself that we have successfully elected Ronald Reagan President of the United States.

Our records indicate that you contributed $1,150 during the primary campaign. The law allows a maximum contribution of $1,000 for the primary and $1,000 for the general election Compliance Fund. We are, therefore, refunding you $150. Please find our check enclosed for that amount.

The Presidential Transition Foundation, Inc. has recently been established to raise and expend monies to facilitate an orderly transfer of power from the present Administration to the Administration of President-elect Reagan. A fact sheet is also enclosed for your information.

Thank you again for your generosity and support.

Sincerely,

L. Victor Hurtado

8304308074

REAGAN FOR PRESIDENT 1618

15-3/540

Dec 7 1980

PAY TO THE ORDER OF Albert B Frowiss $ 150.00

One hundred and fifty and xx/100 DOLLARS

The RIGGS NATIONAL BANK of WASHINGTON D.C.

FOR Contribution refund

Scott Thuesen

"001618" :054000030: 01-0833913"

8304080895

8304080896

I hereby certify that I am issued with the seal of the San Diego County Recorder, this is a true copy of the permanent record filed and/or recorded in this office.

Vera L. Lyle

Vera L. Lyle, Recorder
County of San Diego, California

Date FEB 26 1979

RECORDING REQUESTED BY
ALLAN W. ZIMAN
ATTORNEY AT LAW
2120 4th AVENUE
SAN DIEGO, CALIFORNIA 92101
WHEN RECORDED MAIL TO

Albert B. Frowiss
7801 Mission Center Court Ste. 233
San Diego, CA 92108

Name
Street Address
City & State

FILE/PAGE NO. 79-082169
FEE PAID
RECORDED AT REQUEST OF

FEB 28 3 20 PM '79

OFFICIAL RECORDS
RECORDER
SAN DIEGO COUNTY, CALIF.

$3.00

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

POWER OF ATTORNEY

GENERAL

Know All Men by These Presents: That I, ROSEMARIE FROWISS

the undersigned (jointly and severally, if more than one) hereby make, constitute and appoint

ALBERT BOYD FROWISS

my true and lawful Attorney for me and in my name, place and stead and for my use and benefit:

(a) To ask, demand, sue for, recover, collect and receive each and every sum of money, debt, account, legacy, bequest, interest, dividend, annuity and demand (which now is or hereafter shall become due, owing or payable) belonging to or claimed by me, and to use and take any lawful means for the recovery thereof by legal process or otherwise, and to execute and deliver a satisfaction or release therefor, together with the right and power to compromise or compound any claim or demand;

(b) To exercise any or all of the following powers as to real property, any interest therein and/or any building thereon: To contract for, purchase, receive and take possession thereof and of evidence of title thereto; to lease the same for any term or purpose, including leases for business, residence, and oil and/or mineral development; to sell, exchange, grant or convey the same with or without warranty; and to mortgage, transfer in trust, or otherwise encumber or hypothecate the same to secure payment of a negotiable or non-negotiable note or performance of any obligation or agreement;

(c) To exercise any or all of the following powers as to all kinds of personal property and goods, wares and merchandise, choses in action and other property in possession or in action: To contract for, buy, sell, exchange, transfer and in any legal manner deal in and with the same; and to mortgage, transfer in trust, or otherwise encumber or hypothecate the same to secure payment of a negotiable or non negotiable note or performance of any obligation or agreement;

(d) To borrow money and to execute and deliver negotiable or non-negotiable notes therefor with or without security; and to loan money and receive negotiable or non-negotiable notes therefor with such security as he shall deem proper;

(e) To create, amend, supplement and terminate any trust and to instruct and advise the trustee of any trust wherein I am or may be trustor or beneficiary; to represent and vote stock, exercise stock rights, accept and deal with any dividend, distribution or bonus, join in any corporate financing, reorganization, merger, liquidation, consolidation or other action and the extension, compromise, conversion, adjustment, enforcement or foreclosure, singly or in conjunction with others of any corporate stock, bond, note, debenture or other security; to compound, compromise, adjust, settle and satisfy any obligation, secured or unsecured, owing by or to me and to give or accept any property and/or money whether or not equal to or less in value than the amount owing in payment, settlement or satisfaction thereof;

(f) To transact business of any kind or class and as my act and deed to sign, execute, acknowledge and deliver any deed, lease, assignment of lease, covenant, indenture, indemnity, agreement, mortgage, deed of trust, assignment of mortgage or of the beneficial interest under deed of trust, extension or renewal of any obligation, subordination or waiver of priority, hypothecation, bottomry, charter-party, bill of lading, bill of sale, bill, bond, note, whether negotiable or non-negotiable, receipt, evidence of debt, full or partial release or satisfaction of mortgage, judgment and other debt, request for partial or full reconveyance of deed of trust and such other instruments in writing of any kind or class as may be necessary or proper in the premises.

Giving and Granting unto my said Attorney full power and authority to do and perform all and every act and thing whatsoever requisite, necessary or appropriate to be done in and about the premises as fully to all intents and purposes as I might or could do if personally present, hereby ratifying all that my said Attorney shall lawfully do or cause to be done by virtue of these presents. The powers and authority hereby conferred upon my said Attorney shall be applicable to all real and personal property or interests therein now owned or hereafter acquired by me and wherever situate.

My said Attorney is empowered hereby to determine in his sole discretion the time when, purpose for and manner in which any power herein conferred upon him shall be exercised, and the conditions, provisions and covenants of any instrument or document which may be executed by him pursuant hereto; and in the acquisition or disposition of real or personal property, my said Attorney shall have exclusive power to fix the terms thereof for cash, credit and/or property, and if on credit with or without security.

The undersigned, if a married woman, hereby further authorizes and empowers my said Attorney, as my duly authorized agent, to join in my behalf, in the execution of any instrument by which any community real property or any interest therein, now owned or hereafter acquired by my spouse and myself, or either of us, is sold, leased, encumbered, or conveyed.

When the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

WITNESS my hand this 10TH day of FEBRUARY 1979

X Rosemarie Frowiss
ROSEMARIE FROWISS

State of California,
County of SAN DIEGO } SS.

On FEBRUARY 10, 1979, before me, the undersigned, a Notary Public in and for said State, personally appeared ROSEMARIE FROWISS

known to me to be the person whose name is subscribed to the within instrument and acknowledged that she executed the same.

Witness my hand and official seal.

OFFICIAL SEAL (Seal)
OLIVER R. McELROY
NOTARY PUBLIC - CALIFORNIA
PRINCIPAL OFFICE IN
SAN DIEGO COUNTY
My Commission Expires November 25, 1979

Oliver R. McElroy
Notary Public in and for said State

POWER OF ATTORNEY—GENERAL
WOLCOTT'S FORM 1400-REV. 10-62

This standard form covers most usual problems in the field indicated. Before you sign, read it, fill in all blanks, and strike changes proper to your transaction. Consult a lawyer if you doubt the form's fitness for your purpose.

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DEAN J. ZIPSER*

*NOT ADMITTED IN D.C.

WRITER'S DIRECT DIAL NUMBER

(202) 789-

November 16, 1981

8304080876

The Honorable John Warren McGarry
Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Re: MUR 1360: Matter of Tommy Thomas Chevrolet Co., Inc.

Dear Mr. McGarry:

By letter dated September 29, 1981, the Federal Election Commission ("Commission") notified Tommy Thomas Chevrolet Co., Inc. ("Tommy Thomas Chevrolet") that it had determined there was "reason to believe" it violated § 441b(a) of the Federal Election Campaign Act of 1971, as amended, ("the Act") by making a corporate contribution to the Reagan for President Committee ("Committee").

Based upon the following factual and legal discussion, it is respectfully requested that no further action be taken in this case.

General Counsel's Allegations

The General Counsel's Analysis alleges that Tommy Thomas Chevrolet violated 2 U.S.C. § 441b(a) by making an advance of $9,466.80 to the Reagan for President Committee and thus making a prohibited corporate contribution.

Facts

Luther E. Thomas (a/k/a Tommy Thomas) is the sole stockholder of Tommy Thomas Chevrolet. During the primary campaign, Mr. Thomas was Florida State Chairman for the Committee. In that capacity, Mr. Thomas worked and traveled extensively throughout Florida on behalf of the Committee. His efforts and travel resulted in numerous charges to his personal American Express, Master Charge and National Car Rental credit card accounts. These expenses were for cars, hotels, telephone and meals. Upon incurring these credit charges, Mr. Thomas would designate the reason for each expense. Only those charges connected with Committee matters were included in Mr. Thomas' personal account of expenses incurred during Committee work. These charges were accumulated and recorded at Mr. Thomas' office, Tommy Thomas Chevrolet. It is Mr. Thomas' belief that upon receipt of his credit card bills, the expense charges associated with Committee work were forwarded, under cover of a personal letter, to the Committee for reimbursement. It is possible, however, that letters bearing the Tommy Thomas Chevrolet Co., Inc. letterhead were inadvertently used.

Mr. Thomas first billed the Committee on April 11, 1979, and apparently received a reimbursement on April 27, 1979. Thereafter, reimbursements were not made on a periodic basis to Mr. Thomas as he had anticipated. Rather, because Mr. Thomas' file was apparently misplaced during the Committee's move from California, his reimbursement requests could not be processed. In September of 1980, Mr. Thomas sent the Committee a master invoice requesting reimbursement. This request was on Tommy Thomas Chevrolet, Inc. letterhead but was submitted "at the request of Mr. Tommy Thomas." Supporting documentation was provided for each claimed expense, including individual credit card slips which, almost exclusively, were on the personal credit accounts of Mr. Thomas. Mr. Thomas was subsequently reimbursed for all but $286.31 of the expenses he incurred on behalf of the Committee.

Discussion

Contrary to the General Counsel's allegations, Tommy Thomas Chevrolet, Inc. did not make a contribution to the Reagan for President Committee. Rather, as Florida State Chairman, Mr. Thomas incurred expenses on behalf of the Committee in connnection with his duties and subsequently received reimbursement. Under such circumstances, no contribution ever arose.

An individual may incur expenses on behalf of a political committee and receive a subsequent reimbursement without that

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amount being deemed a contribution prohibited by the Act. This position is supported by Commission records. For example, in the Financial Control and Compliance Manual for Presidential Candidates Receiving Public Financing, July 1979, it is stated at pp. 138-143 that a political committee should report the overall reimbursements to an individual for expenditures on Schedule B with memo entries detailing the ultimate recipients and particulars of each expenditure above $100. This requirement implicitly approves of the concept of individuals expending funds on behalf of a political committee in the expectation of reimbursement. In those instances, therefore, no contribution is deemed to have been made. This is precisely the situation involved in this case. The expenses incurred by Mr. Thomas were incurred in the performance of his duties as Florida State Chairman of the Reagan for President Committee. These expenses were charged to Mr. Thomas' personal credit accounts. The fact that they were paid through the Tommy Thomas Chevrolet account does not alter the fact that they were Mr. Thomas' expenses. The facts in this case demonstrate that Mr. Thomas incurred expenses on behalf of the Committee, requested payment for these expenses, and subsequently received reimbursement from the Committee. Under these circumstances, no contribution ever arose.

To find that Tommy Thomas Chevrolet made an advance to the Committee ignores certain realities. First, American Express bills must be paid within thirty days of receipt. The Committee, through apparent inadvertence and the loss of Mr. Thomas' file, failed to reimburse him on a periodic basis. That Mr. Thomas decided to pay these bills prior to receiving Committee reimbursement is therefore not surprising. The fact that the checks to American Express were drawn on the account of Tommy Thomas Chevrolet, Inc. simply indicates that it was more convenient for Mr. Thomas to record his expenses and await reimbursement in this manner.

Secondly, Mr. Thomas' position as State Chairman and the obligations associated with that role cannot be ignored. As Chairman, Mr. Thomas incurred many expenses in connection with his campaign responsibilities. Mr. Thomas charged these expenses on his personal credit cards and sought reimbursement from the Committee. Except perhaps through mere inadvertence, Tommy Thomas Chevrolet was not involved in any of these activities. Under these circumstances, therefore, Tommy Thomas Chevrolet cannot be found to have made a corporate contribution simply because Mr. Thomas' charge bills were paid by his wholly-owned company pending reimbursement by the Committee. No contribution was made to the Committee in violation of 2 U.S.C. § 441b(a).

Even if the Commission determines that Tommy Thomas Chevrolet incurred expenses on behalf of the Committee, there is

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still no issue of a prohibited contribution. The definition of "contribution" includes an "advance." 2 U.S.C. § 431(8)(A)(i). The Federal Election Commission regulation implementing this statutory provision further defines "advance" as "[t]he extension of credit by any person for a length of time beyond normal business or trade practice...." 11 C.F.R. § 100.7(a)(4). "Normal busines or trade practice" modifies the length of time for extending credit. There is no reference to the nature of the contributor's business in the statute or the regulation. Thus, only the time within which reimbursement is sought is at issue in determining whether the extension of credit constitutes an advance and thus a prohibited contribution.

Tommy Thomas Chevrolet did not extend credit to the Committee for any length of time beyond its normal business practice. Rather, as noted previously, expenses were incurred, the Committee was billed, attempts were made to collect, and a reimbursement was subsequently received. The efforts made to obtain payment from the Committee bring Tommy Thomas Chevrolet into compliance with the provisions of 11 C.F.R. § 100.7(a)(4) since it "made a commercially reasonable attempt to collect the debt at issue." In light of these facts, therefore, because Tommy Thomas Chevrolet did not extend credit to the Committee for any length of time beyond its normal business practice and made a commercially reasonable attempt to collect payment from the Committee, no prohibited contribution is at issue.

Conclusion

Under the circumstances described above, Tommy Thomas Chevrolet, Inc. did not make an "advance" to the Committee and hence did not make a contribution in violation of 2 U.S.C. § 441b(a). Based on the above factual and legal discussion, therefore, it is respectfully requested that no further action be taken against Tommy Thomas Chevrolet, Inc. and that the file in this matter be closed.

Sincerely,

Edward L. Weidenfeld

cc: Maura White

8304090091

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ASHLEY SELLERS (1902-1977)
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LOUISE P. WISE
RENIE E. YOSHIDA*
DEAN J. ZIPSER*

*NOT ADMITTED IN D.C.

WRITER'S DIRECT DIAL NUMBER

(202) 789-

November 16, 1981

8304030036

The Honorable John Warren McGarry
Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Re: MUR 1360: Matter of Peter Hon

Dear Mr. McGarry:

By letter dated September 29, 1981, the Federal Election Commission ("Commission") notified Mr. Hon that it had determined there was "reason to believe" he violated § 441a(a)(1)(A) of the Federal Election Campaign Act of 1971, as amended, ("the Act") by making a contribution to the Reagan for President Committee ("Committee") in excess of $1,000.

Based upon the following factual and legal discussion, it is respectfully requested that no further action be taken against Mr. Hon.

Facts

In October of 1979, Mr. Hon made a political contribution to the Reagan for President Committee. Mr. Hon contributed to the Committee on his own initiative and not in response to a printed solicitation which would have informed him of the contribution limits applicable to individuals. Therefore, at the

time of his contribution, Mr. Hon was unaware that contributions to a presidential primary campaign could not exceed $1,000.

In April of 1980, a questionable excessive contribution was noted on Mr. Hon's part. This was discovered by the Committee during the normal course of reviewing its contribution records. Thereafter, the Committee refunded the entire excessive portion of Mr. Hon's contribution, thus rendering him within his legal contribution limit. The Committee's refund was made as promptly as possible upon discovery, well before the conclusion of the presidential primary campaign, and pursuant to the Committee's own initiatives.

Discussion

In deciding whether to take further action against Mr. Hon, the Commission must consider the statutory objective that would be furthered by such a determination. The Federal Election Campaign Act is designed to promote the principles of voluntary compliance. As a result, the conciliation process provided for by statute is aimed at correcting violations of the campaign laws, not punishing those who may have inadvertently violated them. This purpose was recently expressed by the Committee on House Administration in the "Findings" adopted in connection with its review of the Federal Election Commission.

> It is the Committee's opinion that the Commission expends too large a share of its resources pursuing minor, inadvertent violations of campaign law. As a prime example, the Commission appears to misconceive the purpose of the conciliation process. The purpose is not punitive but corrective. The Commission's practice of requiring an admission of guilt is not required by statute and runs contrary to the principle of voluntary compliance.

H.R. Rep. No. 97-30, 97th Cong., 1st Sess. 2 (May 7, 1981) (emphasis added).

At issue in the present case, is a minor contribution violation voluntarily corrected more than one and one-half years ago. Given Mr. Hon's innocent error, the imposition of a potentially considerable fine and a "conciliation" practice that requires an admission of guilt is not warranted. No purpose other than punitive would be served by such action, a result that is clearly inconsistent with the principles of voluntary compliance.

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While campaign finance laws must guard against the undue influence of wealthy interests of individuals in the political process, they should at the same time enhance rather than hinder the political fund raising process. Because fund raising takes many forms, individuals who are not fully aware of the statutory technicalities applicable to political contributions may inadvertently exceed their limit. To find contributors in violation of the law in such circumstances would unduly chill the political financing process and cause contributors to be wary of participating in election financing in the future. In light of these important First Amendment considerations, and considering the fact that voluntary compliance has already been achieved, further action against Mr. Hon is neither warranted nor appropriate under the stated purposes of the Federal Election Campaign Act.

Conclusion

In light of the above factual and legal discussion, it is respectfully requested that no further action be taken against Mr. Hon and that the file in this matter be closed.

Sincerely,

Edward L. Weidenfeld

cc: Ms. Maura White

8304030090

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November 16, 1981

8304030

The Honorable John Warren McGarry
Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Re: MUR 1360: Matter of Mr. Forrest C. Lattner

Dear Mr. McGarry:

By letter dated September 29, 1981, the Federal Election Commission ("Commission") notified Mr. Lattner that it had determined there was "reason to believe" he violated § 441a(a)(1)(A) of the Federal Election Campaign Act of 1971, as amended, ("the Act") by making a contribution to the Reagan for President Committee ("Committee") in excess of $1,000.

Based upon the following factual and legal discussion, it is respectfully requested that no further action be taken against Mr. Lattner.

Facts

By check dated May 24, 1979, Mr. Lattner made a political contribution to the Reagan for President Committee. In the normal course of reviewing its records, the Committee discovered an apparent excessive contribution on Mr. Lattner's part. The Committee subsequently notified Mr. Lattner of the law's $1,000 contribution limit for individuals and refunded $1,500 to him.

By this refund, Mr. Lattner was rendered in compliance with law. Thereafter, Mr. Lattner informed the Committee that it was Mr. and Mrs. Lattner's intent to each contribute $1,000 to the Committee. The Committee was notified in writing of this intent, the paperwork was processed, and Mr. Lattner was refunded $500.

Discussion

In deciding whether further action against Mr. Lattner is warranted, it is important to consider the statutory objectives that would be advanced by such a determination. The Federal Election Campaign Act evidences a clear intent to further the principles of voluntary compliance. To this end, the conciliation process provided for by statute is designed to correct violations of the campaign laws, not punish those who may have commited an inadvertent violation. See H.R. Rep. No. 97-30, 97th Cong., 1st Sess. 2 (May 7, 1981). The voluntary compliance objective of the conciliation process is particularly applicable to instances such as this where the violation complained of is minor and completely unintentional.

With this framework in mind, it is respectfully suggested that the Commission consider two mitigating factors with respect to its determination whether to proceed further against Mr. Lattner. First, during the campaign, Mr. Lattner received a solicitation from the Committee which contained a clerical error to the effect that contributors could donate more than $1,000. This solicitation was later corrected by the Committee and contributors were notified of the mistake. However, it is possible that when Mr. Lattner made his contribution, he was under the impression that he could donate more than $1,000.

Second, it was Mr. and Mrs. Lattner's intent to each contribute $1,000 to the Committee. However, because they were not aware that prescribed procedures had to be followed to effectuate their intent, their attribution did not satisfy the technical requirements of 11 C.F.R. § 104.8(d). In light of their expressed desire, however, and given Mr. Lattner's posssible misunderstanding of the applicable contribution limits, the contribution complained of does not involve a significant violation of the campaign laws.

The purpose of the Federal Election Campaign Act is to promote voluntary compliance through a conciliation process designed to correct violations of the campaign laws. That purpose has been achieved in this case. Upon discovering the excessive contribution, the Committee, on its own initiative, refunded all excess amounts to Mr. Lattner, thereby rectifying an

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innocent violation of the campaign laws. That correction took place more than one and one-half years ago.

Campaign finance laws must guard against the undue influence of wealthy interests of individuals in the political process. At the same time, however, these laws must be applied so as to enhance rather than hinder legitimate fund raising efforts. This is particularly critical to the presidential primary process where private political fund raising continues to play an integral role.

Fund raising takes many forms and individuals who are not fully cognizant of the statutory technicalities applicable to political contributions may inadvertently exceed their limits. To find contributors such as Mr. Lattner in violation of the Act under these circumstances would unduly chill the political financing process as people may become wary of making any contribution in the future. This result does not serve the intended public financing purposes of the Federal Election Campaign Act.

The Committee and Mr. Lattner have already achieved voluntary compliance with the Act. In light of the fact that the purpose of the conciliation process is corrective, not punitive, further action against Mr. Lattner is neither appropriate nor warranted.

Conclusion

In light of the above factual and legal discussion, it is respectfully requested that no further action be taken against Mr. Lattner and that the file in this matter be closed.

Sincerely,

Edward L. Weidenfeld

cc: Ms. Maura White

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WRITER'S DIRECT DIAL NUMBER
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November 16, 1981

The Honorable John Warren McGarry
Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1360: Matter of Albert B. Frowiss

Dear Mr. McGarry:

By letter dated September 29, 1981, the Federal Election Commission ("Commision") notified Mr. Frowiss that it had determined there was "reason to believe" he violated § 441a(a)(1)(A) of the Federal Election Campaign Act of 1971, as amended, ("the Act") by making contributions to the Reagan for President Committee ("Committee") in excess of $1,000.

Based upon the following factual and legal discussion, it is respectfully requested that no further action be taken against Mr. Frowiss.

Facts

On three separate occasions, Mr. and Mrs. Frowiss contributed to the Reagan for President Committee. All three contributions were made by checks drawn on their joint bank account.

By check dated March 20, 1979, Mr. and Mrs. Frowiss donated $1,000 to the Committee. Approximatley six months later, upon

learning more about the the federal rules applicable to contribution limits, Mr. and Mrs. Frowiss reviewed their bank records to ascertain whether additional contributions were permissible. That review revealed just one contribution for $1,000 which the Frowiss' had made the previous March. Therefore, under the applicable contribution standards, it was permissible for them to contribute an additional $1,000 to the Committee. This was done by checks dated September 6 and 7, 1979, which together totaled $1,000. Copies of all three checks are found at Attachment A to this letter.

In the course of reviewing the Committee's reports, a questionable excessive contribution was discovered on the part of Mr. Frowiss. In response to the Commission's "Request for Additional Information," the Committee obtained a statement signed by Mr. and Mrs. Frowiss verifying that they each contributed $1,000 to the Reagan for President Committee. (See Attachment B.) This verification, dated May 6, 1980, was reported to the Commission on May 22, 1980.

With respect to the $150 contribution at issue in this matter, by cashier's check dated May 12, 1980, Mr. Frowiss' son, also named Albert B. Frowiss, made a contribution to the Committee in connection with a fund raising event he attended. (See Attachment C.) Upon receipt of this donation, committee personnel apparently credited Mr. Frowiss with his son's contribution, thereby causing the Committee's records to reflect an excessive contribution on the part of Mr. Frowiss. As a result of this attribution error, the Committee refunded $150 to Mr. Frowiss under the mistaken impression that he had exceeded his contribution limits. (See Attachment D.)

Discussion

Because information relevant to the contributions involved in this matter may not have been available to the Commission at the time of its "reason to believe" determination, the legality of Mr. Frowiss' contributions to the Committee have been questioned. Based upon the following discussion and referenced attachments, however, it is clear that Mr. Frowiss contributed to the Committee in accordance with the limitations specified in §441a(a)(1)(A) of the Act.

1. In the General Counsel's Factual and Legal Analysis, two $1,000 contributions dated March 30 and April 1, 1979 are stated as being made by Mr. Frowiss. There appears to be an error in this attribution. Mr. Frowiss believes he made only one contribution in this amount to the Committee. Mr. Frowiss' bank records support this position as only one check for $1,000 (No.

754) is reported during the time period at issue. (See Attachment E). Moreover, the Committee's records show only one check from Mr. Frowiss for this amount (No. 754), which it deposited on April 1, 1979. Therefore, it appears that the Commission has inadvertently overstated Mr. Frowiss' contributions by $1,000.

2. An error also exists with respect to the $150 contribution attributed to Mr. Frowiss. First, the date of this contribution is May 12, 1980, not May 12, 1979 as reported in the General Counsel's Analysis. Second, the contribution was not made by Mr. Frowiss but by his son. Because their names are identical, Committee personnel mistakenly attributed the $150 contribution to Mr. Frowiss, Sr. Through this accounting error, therefore, the $150 contribution was incorrectly reported as being made by Mr. Frowiss.

The attribution error concerning Mr. Frowiss and his son is closely analogous to the circumstances involved in MUR 654 (78). In that case, a father and son, (whose name only differed by their middle initial), both separately contributed to a candidate's principal campaign committee. The committee inadvertently credited the father's account with the son's contribution, causing its records to reflect an excess contribution by the father. As a consequence of this reporting error, a probable violation of § 441a(a)(1)(A) was noted by the Commission. However, upon receiving clarification as to the name similarity, the Commission determined to take no further action. Based upon the evidence in this case, a similar disposition is appropriate.

3. The final contribution issue concerning Mr. Frowiss involves donations totalling $2,000. Several factors are relevant in demonstrating tha these contributions represented two individual $1,000 donations from Mr. and Mrs. Frowiss. First, Mr. Frowiss possesses an unconditional general Power of Attorney from Mrs. Frowiss. (See Attachment F.) In this regard, Mr. Frowiss has full legal authority to sign checks on his wife's behalf. Consequently, Mr. and Mrs. Frowiss believed it to be entirely proper to make the contributions in question in the manner that they did. The fact that the September 7, 1979 contribution check (No. 1081) indicates on its face that it was made on behalf of Rosemarie Frowiss clearly supports their intent. (See Attachment A.)

In addition to the Power of Attorney and the attribution on the check, Mr. Frowiss believes he filled out cards accompanying his contributions that addressed the apportionment issue on behalf of he and his wife. To date, the Committee has not been able to locate these records. However, as Mr. Frowiss was very active in fund raising for the RFP Committee at the time

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these contributions were made, he feels confident that he knew what the contribution rules were and abided by them.

Regardless of the Power of Attorney, the contribution attribution on check No. 1081 and the signed statement verifying the Frowiss' intent to each contribute $1,000 to the Committee, past Commission determinations in cases clearly analagous to the instant one indicate that no further action against Mr. Frowiss is warranted.

In MUR 965(79), for example, a contributor was cited by the Commission for exceeding his $1,000 contribution limit. In response to this charge, the contributor "claimed that both he and his wife gave jointly and that he thought he divided up their contributions so that neither had exceeded $1,000." See General Counsel's Report dated July 11, 1979. In further support of his claim, the contributor provided copies of his contribution checks, all of which were drawn on the couple's joint checking account. In view of the contributor's explanation concerning the excessive contributions and the evidence he provided, the General Counsel recommended that the Commission rescind its previous finding. The Commission unanimously adopted this recommendation and the contributor was subsequently informed that there was "no reasonable cause to believe" he violated 2 U.S.C. §441a(a)(1)(A) in connection with the excessive contributions he gave to the committee. See Letter from General Counsel dated September 20, 1979.

The circumstances involved in MUR 654(78) are also analogous to those involving Mr. and Mrs. Frowiss. In that case, the Commission determined there was "reason to believe" the contributor violated §144a(a)(1)(A) by making excessive contributions to a candiate's principal campaign committee. The contributor thereafter explained that his contribution was actually a "joint contribution shared with his wife...." See General Counsel's Report dated November 15, 1978. In accordance with this explanation, the General Counsel's Report considered the contribution equally divided between the contributor and his wife, thereby rendering each of them within their $1000 limit. The Commission subsequently voted unaminously to take no further action against the contributor and closed its files in the matter.

In response to the Committee's determination that Mr. Frowiss may have violated §441a(a)(1)(A) by making excessive contributions to the Committee, explanations and supporting documentation similar to that provided by the contributors in MUR 965(79) and MUR 654(78) have been furnished to the Commission with this submission. Indeed, far more extensive evidence has been presented in this case to demonstrate that Mr. and Mrs. Frowiss each contributed $1,000 to the Committee and hence did

not exceed their contribution limits. For these reasons, therefore, and in light of analagous precedent, the Commission should dispose of this case in a manner similar to that done in MUR 965(79) and MUR 654(78).

As can be seen from the above discussion and the attachments to this letter, there is no basis for the Commission's "reason to believe" determination that Mr. Frowiss contributed $2,150 in excess of the Act's limitation. First, a $1,000 contribution has been erroneously attributed to Mr. Frowiss. Second, the $150 contribution at issue was not made by Mr. Frowiss but by his son. Finally, Mr. and Mrs. Frowiss each contributed $1,000 to the Committee.

This case involves reporting errors apparently made by both the Committee and Commission. It does not represent an instance where a contributor has violated the campaign laws. As a result, no further action against Mr. Frowiss is warranted.

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Conclusion

In light of the above factual and legal discussion, it is respectfully requested that no further action be taken against Mr. Frowiss and that the file in this matter be closed.

Sincerely yours,

Edward L. Weidenfeld

cc: Ms. Maura White

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WRITER'S DIRECT DIAL NUMBER

(202) 789-

November 16, 1981

8304015

The Honorable John Warren McGarry
Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Re: MUR 1360: Matter of Mrs. B. F. Weekley

Dear Mr. McGarry:

By letter dated September 29, 1981, the Federal Election Commission ("Commission") notified Mrs. Weekley that it had determined there was "reason to believe" she violated § 441a(a)(1)(A) of the Federal Election Campaign Act of 1971, as amended, ("the Act") by making contributions to the Reagan for President Committee ("Committee") in excess of $1,000.

Based upon the following factual and legal discussion, it is respectfully requested that no further action be taken against Mrs. Weekley.

Facts

During the presidential primary campaign, Mrs. Weekley contributed to the Reagan for President Committee on eight separate occasions. Six of the eight contributions made by Mrs. Weekley were for $500 or less; none were more than $750. Through the aggregation of these contributions, Mrs. Weekley exceeded the Act's contribution limitation for individuals. It is

doubtful, however, that Mrs. Weekley knew of this restriction. Mrs. Weekley is ninety years old and her familiarity with the federal election laws is limited.

Through the Committee's own initiatives, and more than one year before the Commission's "reason to believe" determination, the entire excess portion of Mrs. Weekley's contribution was returned. The excess amount was refunded by the Committee by check dated August 11, 1980, thereby rendering Mrs. Weekley in compliance with the law's $1,000 contribution limit for individuals. (See Attachment A.) Through this accounting, therefore, the Committee and Mrs. Weekley voluntarily obtained compliance with the Act.

Discussion

Essential to the Commission's decision whether to take further action against Mrs. Weekley is the statutory purpose that would be advanced by such a determination. The Federal Election Campaign Act is designed to encourage voluntary compliance. As such, the purpose of the conciliation process provided for by statute is to correct violations of the campaign laws, not punish those who may have commited an inadvertent error. These purposes were recently expressed in a report issued by the Committee on House Administration in connection with its review of the Federal Election Commission's Annual Authorization for Appropriations for Fiscal Year 1982. The "Findings" adopted by the Committee stated that:

> It is the Committee's opinion that the Commission expends too large a share of its resources pursuing minor, inadvertent violations of campaign law. As a prime example, the Commission appears to misconceive the purpose of the conciliation process. The purpose is not punitive but corrective. The Commission's practice of requiring an admission of guilt is not required by statute and runs contrary to the principle of voluntary compliance.

H.R. Rep. No. 97-30, 97th Cong., 1st Sess. 2 (May 7, 1981) (emphasis added).

Considering the Committee findings quoted above, further action against Mrs. Weekley would be inappropriate and contrary to the legislative intent of the Federal Election Campaign Act. First, the Committee and Mrs. Weekley have already achieved voluntary compliance with the Act. This was accomplished through a

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refund made pursuant to the Committee's own initiatives more than one year before the Commission notified Mrs. Weekley of its "reason to believe" determination. Second, the purpose of the conciliation process is corrective, not punitive. That objective has already been satisfied. The Committee, upon discovering a questionable contribution, refunded all excessive amounts to Mrs. Weekley. This correction rendered Mrs. Weekley within her $1,000 limit.

The Commission's "reason to believe" determination in Mrs. Weekely's case is based on a minor, inadvertent violation of the campaign laws. Because her contribution error has long been corrected through voluntary means, no justification exists for proceeding further against Mrs. Weekley.

Conclusion

In light of the above factual and legal discussion, it is respectfully requested that no further action be taken against Mrs. Weekley and that the file in this matter be closed.

Sincerely yours,

Edward L. Weidenfeld

cc: Ms. Maura White

8304039017

8304 680918 Attachment A

August 5, 1980

Mrs. B.F. Weekley
15 Valley Ridge
Ft Worth, TX 76107

Dear Mrs. Weekley,

It was with the help of persons such as you that we successfully ended the primary campaign with the nomination of Ronald Reagan.

Our records indicate that you contributed $4100 during the primary. We are, therefore, refunding you $3100. Please find our check enclosed for that amount.

The Reagan/Bush Compliance Fund has recently been established to raise and expend money for legal and accounting costs related to the general election (see attached fact sheet). The law allows a maximum contribution of $1000 for the primary and $1000 for the general election Compliance Fund. A self-addressed envelope is enclosed for your convenience.

Thank-you again for your generosity and support.

Sincerely,

Bay Buchanan
Treasurer

REAGAN FOR PRESIDENT 991

15-3/540

August 11, 1980

PAY TO THE ORDER OF MRS. B.F. WEEKLEY $3,100.00

#87[illegible]3100 DOLS 00 CTS DOLLARS

The RIGGS NATIONAL BANK of WASHINGTON D.C.
MAIN OFFICE 1503 PENNSYLVANIA AVENUE, N.W.

FOR Contribution Refund Bay Buchanan

"000991" "054000030" 01 "083391 3"

AG '80 25 REPUBLIC NAT'L BANK DALLAS, TEXAS PAY ANY BANK-P.E.G. RSM

PAY ANY BANK, P.E.G. RIDGLEA BANK FT. WORTH TEXAS

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Mrs. B.F. Weekley

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November 16, 1981

8 3 0 4 0 3 8 0 9 1 6

The Honorable John Warren McGarry
Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Re: MUR 1360: Matter of Tommy Thomas Chevrolet Co., Inc.

Dear Mr. McGarry:

By letter dated September 29, 1981, the Federal Election Commission ("Commission") notified Tommy Thomas Chevrolet Co., Inc. ("Tommy Thomas Chevrolet") that it had determined there was "reason to believe" it violated § 441b(a) of the Federal Election Campaign Act of 1971, as amended, ("the Act") by making a corporate contribution to the Reagan for President Committee ("Committee").

Based upon the following factual and legal discussion, it is respectfully requested that no further action be taken in this case.

General Counsel's Allegations

The General Counsel's Analysis alleges that Tommy Thomas Chevrolet violated 2 U.S.C. § 441b(a) by making an advance of $9,466.80 to the Reagan for President Committee and thus making a prohibited corporate contribution.

Facts

Luther E. Thomas (a/k/a Tommy Thomas) is the sole stockholder of Tommy Thomas Chevrolet. During the primary campaign, Mr. Thomas was Florida State Chairman for the Committee. In that capacity, Mr. Thomas worked and traveled extensively throughout Florida on behalf of the Committee. His efforts and travel resulted in numerous charges to his personal American Express, Master Charge and National Car Rental credit card accounts. These expenses were for cars, hotels, telephone and meals. Upon incurring these credit charges, Mr. Thomas would designate the reason for each expense. Only those charges connected with Committee matters were included in Mr. Thomas' personal account of expenses incurred during Committee work. These charges were accumulated and recorded at Mr. Thomas' office, Tommy Thomas Chevrolet. It is Mr. Thomas' belief that upon receipt of his credit card bills, the expense charges associated with Committee work were forwarded, under cover of a personal letter, to the Committee for reimbursement. It is possible, however, that letters bearing the Tommy Thomas Chevrolet Co., Inc. letterhead were inadvertently used.

Mr. Thomas first billed the Committee on April 11, 1979, and apparently received a reimbursement on April 27, 1979. Thereafter, reimbursements were not made on a periodic basis to Mr. Thomas as he had anticipated. Rather, because Mr. Thomas' file was apparently misplaced during the Committee's move from California, his reimbursement requests could not be processed. In September of 1980, Mr. Thomas sent the Committee a master invoice requesting reimbursement. This request was on Tommy Thomas Chevrolet, Inc. letterhead but was submitted "at the request of Mr. Tommy Thomas." Supporting documentation was provided for each claimed expense, including individual credit card slips which, almost exclusively, were on the personal credit accounts of Mr. Thomas. Mr. Thomas was subsequently reimbursed for all but $286.31 of the expenses he incurred on behalf of the Committee.

Discussion

Contrary to the General Counsel's allegations, Tommy Thomas Chevrolet, Inc. did not make a contribution to the Reagan for President Committee. Rather, as Florida State Chairman, Mr. Thomas incurred expenses on behalf of the Committee in connnection with his duties and subsequently received reimbursement. Under such circumstances, no contribution ever arose.

An individual may incur expenses on behalf of a political committee and receive a subsequent reimbursement without that

amount being deemed a contribution prohibited by the Act. This position is supported by Commission records. For example, in the Financial Control and Compliance Manual for Presidential Candidates Receiving Public Financing, July 1979, it is stated at pp. 138-143 that a political committee should report the overall reimbursements to an individual for expenditures on Schedule B with memo entries detailing the ultimate recipients and particulars of each expenditure above $100. This requirement implicitly approves of the concept of individuals expending funds on behalf of a political committee in the expectation of reimbursement. In those instances, therefore, no contribution is deemed to have been made. This is precisely the situation involved in this case. The expenses incurred by Mr. Thomas were incurred in the performance of his duties as Florida State Chairman of the Reagan for President Committee. These expenses were charged to Mr. Thomas' personal credit accounts. The fact that they were paid through the Tommy Thomas Chevrolet account does not alter the fact that they were Mr. Thomas' expenses. The facts in this case demonstrate that Mr. Thomas incurred expenses on behalf of the Committee, requested payment for these expenses, and subsequently received reimbursement from the Committee. Under these circumstances, no contribution ever arose.

To find that Tommy Thomas Chevrolet made an advance to the Committee ignores certain realities. First, American Express bills must be paid within thirty days of receipt. The Committee, through apparent inadvertence and the loss of Mr. Thomas' file, failed to reimburse him on a periodic basis. That Mr. Thomas decided to pay these bills prior to receiving Committee reimbursement is therefore not surprising. The fact that the checks to American Express were drawn on the account of Tommy Thomas Chevrolet, Inc. simply indicates that it was more convenient for Mr. Thomas to record his expenses and await reimbursement in this manner.

Secondly, Mr. Thomas' position as State Chairman and the obligations associated with that role cannot be ignored. As Chairman, Mr. Thomas incurred many expenses in connection with his campaign responsibilities. Mr. Thomas charged these expenses on his personal credit cards and sought reimbursement from the Committee. Except perhaps through mere inadvertence, Tommy Thomas Chevrolet was not involved in any of these activities. Under these circumstances, therefore, Tommy Thomas Chevrolet cannot be found to have made a corporate contribution simply because Mr. Thomas' charge bills were paid by his wholly-owned company pending reimbursement by the Committee. No contribution was made to the Committee in violation of 2 U.S.C. § 441b(a).

Even if the Commission determines that Tommy Thomas Chevrolet incurred expenses on behalf of the Committee, there is

still no issue of a prohibited contribution. The definition of "contribution" includes an "advance." 2 U.S.C. § 431(8)(A)(i). The Federal Election Commission regulation implementing this statutory provision further defines "advance" as "[t]he extension of credit by any person for a length of time beyond normal business or trade practice...." 11 C.F.R. § 100.7(a)(4). "Normal busines or trade practice" modifies the length of time for extending credit. There is no reference to the nature of the contributor's business in the statute or the regulation. Thus, only the time within which reimbursement is sought is at issue in determining whether the extension of credit constitutes an advance and thus a prohibited contribution.

Tommy Thomas Chevrolet did not extend credit to the Committee for any length of time beyond its normal business practice. Rather, as noted previously, expenses were incurred, the Committee was billed, attempts were made to collect, and a reimbursement was subsequently received. The efforts made to obtain payment from the Committee bring Tommy Thomas Chevrolet into compliance with the provisions of 11 C.F.R. § 100.7(a)(4) since it "made a commercially reasonable attempt to collect the debt at issue." In light of these facts, therefore, because Tommy Thomas Chevrolet did not extend credit to the Committee for any length of time beyond its normal business practice and made a commercially reasonable attempt to collect payment from the Committee, no prohibited contribution is at issue.

Conclusion

Under the circumstances described above, Tommy Thomas Chevrolet, Inc. did not make an "advance" to the Committee and hence did not make a contribution in violation of 2 U.S.C. § 441b(a). Based on the above factual and legal discussion, therefore, it is respectfully requested that no further action be taken against Tommy Thomas Chevrolet, Inc. and that the file in this matter be closed.

Sincerely,

Edward L. Weidenfeld

cc: Maura White

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November 16, 1981

The Honorable John Warren McGarry
Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1360: Matter of Albert B. Frowiss

Dear Mr. McGarry:

By letter dated September 29, 1981, the Federal Election Commission ("Commision") notified Mr. Frowiss that it had determined there was "reason to believe" he violated § 441a(a)(1)(A) of the Federal Election Campaign Act of 1971, as amended, ("the Act") by making contributions to the Reagan for President Committee ("Committee") in excess of $1,000.

Based upon the following factual and legal discussion, it is respectfully requested that no further action be taken against Mr. Frowiss.

Facts

On three separate occasions, Mr. and Mrs. Frowiss contributed to the Reagan for President Committee. All three contributions were made by checks drawn on their joint bank account.

By check dated March 20, 1979, Mr. and Mrs. Frowiss donated $1,000 to the Committee. Approximatley six months later, upon

learning more about the the federal rules applicable to contribution limits, Mr. and Mrs. Frowiss reviewed their bank records to ascertain whether additional contributions were permissible. That review revealed just one contribution for $1,000 which the Frowiss' had made the previous March. Therefore, under the applicable contribution standards, it was permissible for them to contribute an additional $1,000 to the Committee. This was done by checks dated September 6 and 7, 1979, which together totaled $1,000. Copies of all three checks are found at Attachment A to this letter.

In the course of reviewing the Committee's reports, a questionable excessive contribution was discovered on the part of Mr. Frowiss. In response to the Commission's "Request for Additional Information," the Committee obtained a statement signed by Mr. and Mrs. Frowiss verifying that they each contributed $1,000 to the Reagan for President Committee. (See Attachment B.) This verification, dated May 6, 1980, was reported to the Commission on May 22, 1980.

With respect to the $150 contribution at issue in this matter, by cashier's check dated May 12, 1980, Mr. Frowiss' son, also named Albert B. Frowiss, made a contribution to the Committee in connection with a fund raising event he attended. (See Attachment C.) Upon receipt of this donation, committee personnel apparently credited Mr. Frowiss with his son's contribution, thereby causing the Committee's records to reflect an excessive contribution on the part of Mr. Frowiss. As a result of this attribution error, the Committee refunded $150 to Mr. Frowiss under the mistaken impression that he had exceeded his contribution limits. (See Attachment D.)

Discussion

Because information relevant to the contributions involved in this matter may not have been available to the Commission at the time of its "reason to believe" determination, the legality of Mr. Frowiss' contributions to the Committee have been questioned. Based upon the following discussion and referenced attachments, however, it is clear that Mr. Frowiss contributed to the Committee in accordance with the limitations specified in §441a(a)(1)(A) of the Act.

1. In the General Counsel's Factual and Legal Analysis, two $1,000 contributions dated March 30 and April 1, 1979 are stated as being made by Mr. Frowiss. There appears to be an error in this attribution. Mr. Frowiss believes he made only one contribution in this amount to the Committee. Mr. Frowiss' bank records support this position as only one check for $1,000 (No.

754) is reported during the time period at issue. (See Attachment E). Moreover, the Committee's records show only one check from Mr. Frowiss for this amount (No. 754), which it deposited on April 1, 1979. Therefore, it appears that the Commission has inadvertently overstated Mr. Frowiss' contributions by $1,000.

2. An error also exists with respect to the $150 contribution attributed to Mr. Frowiss. First, the date of this contribution is May 12, 1980, not May 12, 1979 as reported in the General Counsel's Analysis. Second, the contribution was not made by Mr. Frowiss but by his son. Because their names are identical, Committee personnel mistakenly attributed the $150 contribution to Mr. Frowiss, Sr. Through this accounting error, therefore, the $150 contribution was incorrectly reported as being made by Mr. Frowiss.

The attribution error concerning Mr. Frowiss and his son is closely analogous to the circumstances involved in MUR 654 (78). In that case, a father and son, (whose name only differed by their middle initial), both separately contributed to a candidate's principal campaign committee. The committee inadvertently credited the father's account with the son's contribution, causing its records to reflect an excess contribution by the father. As a consequence of this reporting error, a probable violation of § 441a(a)(1)(A) was noted by the Commission. However, upon receiving clarification as to the name similarity, the Commission determined to take no further action. Based upon the evidence in this case, a similar disposition is appropriate.

3. The final contribution issue concerning Mr. Frowiss involves donations totalling $2,000. Several factors are relevant in demonstrating tha these contributions represented two individual $1,000 donations from Mr. and Mrs. Frowiss. First, Mr. Frowiss possesses an unconditional general Power of Attorney from Mrs. Frowiss. (See Attachment F.) In this regard, Mr. Frowiss has full legal authority to sign checks on his wife's behalf. Consequently, Mr. and Mrs. Frowiss believed it to be entirely proper to make the contributions in question in the manner that they did. The fact that the September 7, 1979 contribution check (No. 1081) indicates on its face that it was made on behalf of Rosemarie Frowiss clearly supports their intent. (See Attachment A.)

In addition to the Power of Attorney and the attribution on the check, Mr. Frowiss believes he filled out cards accompanying his contributions that addressed the apportionment issue on behalf of he and his wife. To date, the Committee has not been able to locate these records. However, as Mr. Frowiss was very active in fund raising for the RFP Committee at the time

these contributions were made, he feels confident that he knew what the contribution rules were and abided by them.

Regardless of the Power of Attorney, the contribution attribution on check No. 1081 and the signed statement verifying the Frowiss' intent to each contribute $1,000 to the Committee, past Commission determinations in cases clearly analagous to the instant one indicate that no further action against Mr. Frowiss is warranted.

In MUR 965(79), for example, a contributor was cited by the Commission for exceeding his $1,000 contribution limit. In response to this charge, the contributor "claimed that both he and his wife gave jointly and that he thought he divided up their contributions so that neither had exceeded $1,000." See General Counsel's Report dated July 11, 1979. In further support of his claim, the contributor provided copies of his contribution checks, all of which were drawn on the couple's joint checking account. In view of the contributor's explanation concerning the excessive contributions and the evidence he provided, the General Counsel recommended that the Commission rescind its previous finding. The Commission unanimously adopted this recommendation and the contributor was subsequently informed that there was "no reasonable cause to believe" he violated 2 U.S.C. §441a(a)(1)(A) in connection with the excessive contributions he gave to the committee. See Letter from General Counsel dated September 20, 1979.

The circumstances involved in MUR 654(78) are also analogous to those involving Mr. and Mrs. Frowiss. In that case, the Commission determined there was "reason to believe" the contributor violated §144a(a)(1)(A) by making excessive contributions to a candiate's principal campaign committee. The contributor thereafter explained that his contribution was actually a "joint contribution shared with his wife...." See General Counsel's Report dated November 15, 1978. In accordance with this explanation, the General Counsel's Report considered the contribution equally divided between the contributor and his wife, thereby rendering each of them within their $1000 limit. The Commission subsequently voted unaminously to take no further action against the contributor and closed its files in the matter.

In response to the Committee's determination that Mr. Frowiss may have violated §441a(a)(1)(A) by making excessive contributions to the Committee, explanations and supporting documentation similar to that provided by the contributors in MUR 965(79) and MUR 654(78) have been furnished to the Commission with this submission. Indeed, far more extensive evidence has been presented in this case to demonstrate that Mr. and Mrs. Frowiss each contributed $1,000 to the Committee and hence did

not exceed their contribution limits. For these reasons, therefore, and in light of analagous precedent, the Commission should dispose of this case in a manner similar to that done in MUR 965(79) and MUR 654(78).

As can be seen from the above discussion and the attachments to this letter, there is no basis for the Commission's "reason to believe" determination that Mr. Frowiss contributed $2,150 in excess of the Act's limitation. First, a $1,000 contribution has been erroneously attributed to Mr. Frowiss. Second, the $150 contribution at issue was not made by Mr. Frowiss but by his son. Finally, Mr. and Mrs. Frowiss each contributed $1,000 to the Committee.

This case involves reporting errors apparently made by both the Committee and Commission. It does not represent an instance where a contributor has violated the campaign laws. As a result, no further action against Mr. Frowiss is warranted.

Conclusion

In light of the above factual and legal discussion, it is respectfully requested that no further action be taken against Mr. Frowiss and that the file in this matter be closed.

Sincerely yours,

Edward L. Weidenfeld

cc: Ms. Maura White

8304080927

REAGAN-BUSH COMPLIANCE FUND

901 South Highland Street
Arlington, Virginia 22204
(703) 685-3400

December 8, 1980

Mr. Albert B. Frowiss
Box 909
Rancho Santa Fe, California 92067

Dear Mr. Frowiss:

It is with the support of individuals such as yourself that we have successfully elected Ronald Reagan President of the United States.

Our records indicate that you contributed $1,150 during the primary campaign. The law allows a maximum contribution of $1,000 for the primary and $1,000 for the general election Compliance Fund. We are, therefore, refunding you $150. Please find our check enclosed for that amount.

The Presidential Transition Foundation, Inc. has recently been established to raise and expend monies to facilitate an orderly transfer of power from the present Administration to the Administration of President-elect Reagan. A fact sheet is also enclosed for your information.

Thank you again for your generosity and support.

Sincerely,

L. Victor Hurtado

8304030928

REAGAN FOR PRESIDENT 1618

15-3/540

Dec 7 1980

PAY TO THE ORDER OF Albert B Frowiss $ 150.00

One Hundred and fifty and xx/100 DOLLARS

The RIGGS NATIONAL BANK

FOR Contribution refund

Scott Thacker Jr

"001618" :054000030: 01-0833918"

CASHIER'S CHECK

44-353815

90-49
1222

REMITTER ALBERT B. FROMISS

DATE 5-12-80

PAY TO THE ORDER OF RONALD REAGAN**********$150.00**********

CALIFORNIA FIRST BANK 150 AND 00/100

CALIFORNIA FIRST BANK

SAN DIEGO MAIN OFFICE
1201 FIFTH AVENUE P.O. BOX 1311
SAN DIEGO, CALIFORNIA 92112

Carolyn D. Fong
AUTHORIZED SIGNATURE

⑆122004901⑆0535 353815⑈

830408092 6

ALBERT B. FROWISS
ROSEMARIE FROWISS
P. O. BOX 909
RANCHO SANTA FE, CALIF. 92067

754

August 20 1979 90-1096 1222

PAY TO THE ORDER OF Reagan For President $100.00

One Hundred and no/100 DOLLARS

CALIFORNIA FIRST BANK
RANCHO SANTA FE OFFICE
Paseo Delicias & Avenida De Acacias, Rancho Santa Fe, California 92067

MEMO

⑈0000100000⑈

ALBERT B. FROWISS
ROSEMARIE FROWISS
P. O. BOX 909
RANCHO SANTA FE, CALIF. 92067

1081

September 7 1979 90-1096 1222

PAY TO THE ORDER OF Reagan For President Committee $600.00

Six hundred and no/100 DOLLARS

CALIFORNIA FIRST BANK
RANCHO SANTA FE OFFICE
Paseo Delicias & Avenida De Acacias, Rancho Santa Fe, California 92067

MEMO

⑈0000060000⑈

ALBERT B. FROWISS
ROSEMARIE FROWISS
P. O. BOX 909
RANCHO SANTA FE, CALIF. 92067

1078

September 6 1979 90-1096 1222

PAY TO THE ORDER OF Reagan For President Committee $400.00

Four hundred and no/100 DOLLARS

CALIFORNIA FIRST BANK
RANCHO SANTA FE OFFICE
Paseo Delicias & Avenida De Acacias, Rancho Santa Fe, California 92067

MEMO Credit to #10000 Club
(1 of 2)

⑈0000040000⑈

⑆3040⑆80930

REAGAN for PRESIDENT

This is to verify that the donation to Reagan for President in the amount of $2000.00, and received by the committee on 4/1/79 9/13/79 9/21/79 is in fact two individual contributions from the following contributors:

Name Mr. Albert B. Frowiss Amount Donated $1000.00

Address P.O. Box 909

City Rancho Santa Fe,

State CA Zip 92067

Signature X Albert B. Frowiss

Name Mrs. Rosemarie Frowiss Amount Donated $1000.00

Address P.O. Box 909

City Rancho Santa Fe

State CA Zip 92067

Signature X Rosemarie Frowiss

Date: ~~5/6/80~~

Ref. No. RFAI 3

8304080931

I hereby certify that the foregoing is a full, true and correct copy of the permanent record filed and/or recorded in this office.

Vera L. Lyle, Recorder
County of San Diego, California

RECORDING REQUESTED BY
ALLAN W. ZIMAN
ATTORNEY AT LAW
2120 4th AVENUE
SAN DIEGO, CALIFORNIA 92101
WHEN RECORDED MAIL TO

Albert B. Frowiss
7801 Mission Center Court Ste. 233
San Diego, CA 92108

Name, Street Address, City & State

Date FEB 26 1979

FEE PAID $ 3.00 NO. 79-082105

RECORDED AT REQUEST OF

FEB 26 3 20 PM '79

OFFICIAL RECORDS
RECORDER
SAN DIEGO COUNTY, CALIF.

$3.00

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

POWER OF ATTORNEY

GENERAL

Know All Men by These Presents: That I, ROSEMARIE FROWISS

the undersigned (jointly and severally, if more than one) hereby make, constitute and appoint

ALBERT BOYD FROWISS

my true and lawful Attorney for me and in my name, place and stead and for my use and benefit:

(a) To ask, demand, sue for, recover, collect and receive each and every sum of money, debt, account, legacy, bequest, interest, dividend, annuity and demand (which now is or hereafter shall become due, owing or payable) belonging to or claimed by me, and to use and take any lawful means for the recovery thereof by legal process or otherwise, and to execute and deliver a satisfaction or release therefor, together with the right and power to compromise or compound any claim or demand;

(b) To exercise any or all of the following powers as to real property, any interest therein and/or any building thereon: To contract for, purchase, receive and take possession thereof and of evidence of title thereto; to lease the same for any term or purpose, including leases for business, residence, and oil and/or mineral development; to sell, exchange, grant or convey the same with or without warranty; and to mortgage, transfer in trust, or otherwise encumber or hypothecate the same to secure payment of a negotiable or non-negotiable note or performance of any obligation or agreement;

(c) To exercise any or all of the following powers as to all kinds of personal property and goods, wares and merchandise, choses in action and other property in possession or in action: To contract for, buy, sell, exchange, transfer and in any legal manner deal in and with the same; and to mortgage, transfer in trust, or otherwise encumber or hypothecate the same to secure payment of a negotiable or non-negotiable note or performance of any obligation or agreement;

(d) To borrow money and to execute and deliver negotiable or non-negotiable notes therefor with or without security; and to loan money and receive negotiable or non-negotiable notes therefor with such security as he shall deem proper;

(e) To create, amend, supplement and terminate any trust and to instruct and advise the trustee of any trust wherein I am or may be trustor or beneficiary; to represent and vote stock, exercise stock rights, accept and deal with any dividend, distribution or bonus, join in any corporate financing, reorganization, merger, liquidation, consolidation or other action and the extension, compromise, conversion, adjustment, enforcement or foreclosure, singly or in conjunction with others of any corporate stock, bond, note, debenture or other security; to compound, compromise, adjust, settle and satisfy any obligation, secured or unsecured, owing by or to me and to give or accept any property and/or money whether or not equal to or less in value than the amount owing in payment, settlement or satisfaction thereof;

(f) To transact business of any kind or class and as my act and deed to sign, execute, acknowledge and deliver any deed, lease, assignment of lease, covenant, indenture, indemnity, agreement, mortgage, deed of trust, assignment of mortgage or of the beneficial interest under deed of trust, extension or renewal of any obligation, subordination or waiver of priority, hypothecation, bottomry, charter-party, bill of lading, bill of sale, bill, bond, note, whether negotiable or non-negotiable, receipt, evidence of debt, full or partial release or satisfaction of mortgage, judgment and other debt, request for partial or full reconveyance of deed of trust and such other instruments in writing of any kind or class as may be necessary or proper in the premises.

Giving and Granting unto my said Attorney full power and authority to do and perform all and every act and thing whatsoever requisite, necessary or appropriate to be done in and about the premises as fully to all intents and purposes as I might or could do if personally present, hereby ratifying all that my said Attorney shall lawfully do or cause to be done by virtue of these presents. The powers and authority hereby conferred upon my said Attorney shall be applicable to all real and personal property or interests therein now owned or hereafter acquired by me and wherever situate.

My said Attorney is empowered hereby to determine in his sole discretion the time when, purpose for and manner in which any power herein conferred upon him shall be exercised, and the conditions, provisions and covenants of any instrument or document which may be executed by him pursuant hereto; and in the acquisition or disposition of real or personal property, my said Attorney shall have exclusive power to fix the terms thereof for cash, credit and/or property, and if on credit with or without security.

The undersigned, if a married woman, hereby further authorizes and empowers my said Attorney, as my duly authorized agent, to join in my behalf, in the execution of any instrument by which any community real property or any interest therein, now owned or hereafter acquired by my spouse and myself, or either of us, is sold, leased, encumbered, or conveyed.

When the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

WITNESS my hand this 10TH day of FEBRUARY 1979

X Rosemarie Frowiss
ROSEMARIE FROWISS

State of California,
County of SAN DIEGO } SS.

On FEBRUARY 10, 1979 before me, the undersigned, a Notary Public in and for said State, personally appeared ROSEMARIE FROWISS

known to me to be the person whose name is subscribed to the within instrument and acknowledged that she executed the same.

Witness my hand and official seal.

OFFICIAL SEAL (Seal)
OLIVER R. McELROY
NOTARY PUBLIC - CALIFORNIA
PRINCIPAL OFFICE IN
SAN DIEGO COUNTY
My Commission Expires November 25, 1979

Oliver R. McElroy
Notary Public in and for said State.

POWER OF ATTORNEY—GENERAL
WOLCOTTS FORM 1400-REV. 10-62

This standard form covers most usual problems. Be sure the facts indicated Before you sign, read it, fill in all blanks, and strike out clauses proper to your transaction. Consult a lawyer if you doubt the form's fitness for your purpose.

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RENIE E. YOSHIDA*
DEAN J. ZIPSER*

*NOT ADMITTED IN D.C.

WRITER'S DIRECT DIAL NUMBER

(202) 789-

November 16, 1981

The Honorable John Warren McGarry
Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Re: MUR 1360: Matter of Mr. Forrest C. Lattner

Dear Mr. McGarry:

By letter dated September 29, 1981, the Federal Election Commission ("Commission") notified Mr. Lattner that it had determined there was "reason to believe" he violated § 441a(a)(1)(A) of the Federal Election Campaign Act of 1971, as amended, ("the Act") by making a contribution to the Reagan for President Committee ("Committee") in excess of $1,000.

Based upon the following factual and legal discussion, it is respectfully requested that no further action be taken against Mr. Lattner.

Facts

By check dated May 24, 1979, Mr. Lattner made a political contribution to the Reagan for President Committee. In the normal course of reviewing its records, the Committee discovered an apparent excessive contribution on Mr. Lattner's part. The Committee subsequently notified Mr. Lattner of the law's $1,000 contribution limit for individuals and refunded $1,500 to him.

By this refund, Mr. Lattner was rendered in compliance with law. Thereafter, Mr. Lattner informed the Committee that it was Mr. and Mrs. Lattner's intent to each contribute $1,000 to the Committee. The Committee was notified in writing of this intent, the paperwork was processed, and Mr. Lattner was refunded $500.

Discussion

In deciding whether further action against Mr. Lattner is warranted, it is important to consider the statutory objectives that would be advanced by such a determination. The Federal Election Campaign Act evidences a clear intent to further the principles of voluntary compliance. To this end, the conciliation process provided for by statute is designed to correct violations of the campaign laws, not punish those who may have commited an inadvertent violation. See H.R. Rep. No. 97-30, 97th Cong., 1st Sess. 2 (May 7, 1981). The voluntary compliance objective of the conciliation process is particularly applicable to instances such as this where the violation complained of is minor and completely unintentional.

With this framework in mind, it is respectfully suggested that the Commission consider two mitigating factors with respect to its determination whether to proceed further against Mr. Lattner. First, during the campaign, Mr. Lattner received a solicitation from the Committee which contained a clerical error to the effect that contributors could donate more than $1,000. This solicitation was later corrected by the Committee and contributors were notified of the mistake. However, it is possible that when Mr. Lattner made his contribution, he was under the impression that he could donate more than $1,000.

Second, it was Mr. and Mrs. Lattner's intent to each contribute $1,000 to the Committee. However, because they were not aware that prescribed procedures had to be followed to effectuate their intent, their attribution did not satisfy the technical requirements of 11 C.F.R. § 104.8(d). In light of their expressed desire, however, and given Mr. Lattner's posssible misunderstanding of the applicable contribution limits, the contribution complained of does not involve a significant violation of the campaign laws.

The purpose of the Federal Election Campaign Act is to promote voluntary compliance through a conciliation process designed to correct violations of the campaign laws. That purpose has been achieved in this case. Upon discovering the excessive contribution, the Committee, on its own initiative, refunded all excess amounts to Mr. Lattner, thereby rectifying an

innocent violation of the campaign laws. That correction took place more than one and one-half years ago.

Campaign finance laws must guard against the undue influence of wealthy interests of individuals in the political process. At the same time, however, these laws must be applied so as to enhance rather than hinder legitimate fund raising efforts. This is particularly critical to the presidential primary process where private political fund raising continues to play an integral role.

Fund raising takes many forms and individuals who are not fully cognizant of the statutory technicalities applicable to political contributions may inadvertently exceed their limits. To find contributors such as Mr. Lattner in violation of the Act under these circumstances would unduly chill the political financing process as people may become wary of making any contribution in the future. This result does not serve the intended public financing purposes of the Federal Election Campaign Act.

The Committee and Mr. Lattner have already achieved voluntary compliance with the Act. In light of the fact that the purpose of the conciliation process is corrective, not punitive, further action against Mr. Lattner is neither appropriate nor warranted.

Conclusion

In light of the above factual and legal discussion, it is respectfully requested that no further action be taken against Mr. Lattner and that the file in this matter be closed.

Sincerely,

Edward L. Weidenfeld

cc: Ms. Maura White

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*NOT ADMITTED IN D.C.

WRITER'S DIRECT DIAL NUMBER
(202) 789-

November 16, 1981

3040093435

The Honorable John Warren McGarry
Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Re: MUR 1360: Matter of Peter Hon

Dear Mr. McGarry:

By letter dated September 29, 1981, the Federal Election Commission ("Commission") notified Mr. Hon that it had determined there was "reason to believe" he violated § 441a(a)(1)(A) of the Federal Election Campaign Act of 1971, as amended, ("the Act") by making a contribution to the Reagan for President Committee ("Committee") in excess of $1,000.

Based upon the following factual and legal discussion, it is respectfully requested that no further action be taken against Mr. Hon.

Facts

In October of 1979, Mr. Hon made a political contribution to the Reagan for President Committee. Mr. Hon contributed to the Committee on his own initiative and not in response to a printed solicitation which would have informed him of the contribution limits applicable to individuals. Therefore, at the

time of his contribution, Mr. Hon was unaware that contributions to a presidential primary campaign could not exceed $1,000.

In April of 1980, a questionable excessive contribution was noted on Mr. Hon's part. This was discovered by the Committee during the normal course of reviewing its contribution records. Thereafter, the Committee refunded the entire excessive portion of Mr. Hon's contribution, thus rendering him within his legal contribution limit. The Committee's refund was made as promptly as possible upon discovery, well before the conclusion of the presidential primary campaign, and pursuant to the Committee's own initiatives.

Discussion

In deciding whether to take further action against Mr. Hon, the Commission must consider the statutory objective that would be furthered by such a determination. The Federal Election Campaign Act is designed to promote the principles of voluntary compliance. As a result, the conciliation process provided for by statute is aimed at correcting violations of the campaign laws, not punishing those who may have inadvertently violated them. This purpose was recently expressed by the Committee on House Administration in the "Findings" adopted in connection with its review of the Federal Election Commission.

> It is the Committee's opinion that the Commission expends too large a share of its resources pursuing minor, inadvertent violations of campaign law. As a prime example, the Commission appears to misconceive the purpose of the conciliation process. The purpose is not punitive but corrective. The Commission's practice of requiring an admission of guilt is not required by statute and runs contrary to the principle of voluntary compliance.

H.R. Rep. No. 97-30, 97th Cong., 1st Sess. 2 (May 7, 1981) (emphasis added).

At issue in the present case, is a minor contribution violation voluntarily corrected more than one and one-half years ago. Given Mr. Hon's innocent error, the imposition of a potentially considerable fine and a "conciliation" practice that requires an admission of guilt is not warranted. No purpose other than punitive would be served by such action, a result that is clearly inconsistent with the principles of voluntary compliance.

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While campaign finance laws must guard against the undue influence of wealthy interests of individuals in the political process, they should at the same time enhance rather than hinder the political fund raising process. Because fund raising takes many forms, individuals who are not fully aware of the statutory technicalities applicable to political contributions may inadvertently exceed their limit. To find contributors in violation of the law in such circumstances would unduly chill the political financing process and cause contributors to be wary of participating in election financing in the future. In light of these important First Amendment considerations, and considering the fact that voluntary compliance has already been achieved, further action against Mr. Hon is neither warranted nor appropriate under the stated purposes of the Federal Election Campaign Act.

Conclusion

In light of the above factual and legal discussion, it is respectfully requested that no further action be taken against Mr. Hon and that the file in this matter be closed.

Sincerely,

Edward L. Weidenfeld

cc: Ms. Maura White

8304030936

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DEAN J. ZIPSER*

*NOT ADMITTED IN D.C.

November 16, 1981

WRITER'S DIRECT DIAL NUMBER

(202) 789-

The Honorable John Warren McGarry
Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Re: MUR 1360: Matter of Thomas W. Sefton

Dear Mr. McGarry:

By letter dated September 29, 1981, the Federal Election Commission ("Commission") notified Mr. Sefton that it had determined there was "reason to believe" he violated § 441a(a)(1)(A) of the Federal Election Campaign Act of 1971, as amended, ("the Act") by making contributions to the Reagan for President Committee ("Committee") in excess of $1,000.

Based upon the following factual and legal discussion, it is respectfully requested that no further action be taken against Mr. Sefton.

Facts

The "reason to believe" determination rendered by the Commission in this case concerns three political contributions to the Reagan for President campaign from Mr. and Mrs. Sefton. First, Mr. Sefton contributed $200 to the Reagan for President Committee on April 9, 1979. Second, by check dated October 1, 1979, Mr. and Mrs. Sefton each contributed $500 to the Committee. A letter indicating that the contribution was from both of

them accompanied this donation. Finally, Mr. Sefton contributed $1,000 to the Committee's Compliance Fund by check dated July 15, 1980. A letter was sent with this contribution designating it for Mr. Reagan's legal and accounting fund. (See Attachment A for copies of all of the documents referred to in this paragraph.)

While reviewing contributor records, a questionable excessive contribution was discovered on the part of Mr. Sefton. Apparently, the Committee was unaware of the letter accompanying the October 1979 donation which indicated that the contribution was from both Mr. and Mrs. Sefton. As a consequence, the Committee's records mistakenly attributed the entire contribution to Mr. Sefton. Thereafter, the Seftons were contacted by the Committee and verified in a statement dated December 3, 1979 that their October 1979 donation represented two individual $500 contributions. (See Attachment B.)

With respect to the July 1980 contribution, Committee personnel may not have realized that Mr. Sefton specifically designated that his donation be applied to the Committee's Compliance Fund. Under the mistaken impression that the donation was for the primary campaign, and in light of the fact the Committee's records indicated Mr. Sefton had reached his legal contribution limit, the Committee refunded $700 to him. (See Attachment C.)

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Discussion

Because information relevant to this matter may not have been available to the Commission at the time of its "reason to believe" determination, the legality of Mr. Sefton's contributions to the Committee has been questioned. Based upon the following discussion, however, it is clear that Mr. Sefton contributed to the Committee in accordance with the applicable statutory requirements. Mr. Sefton's letter and affidavit to the Commission dated October 8, 1981, along with its attachments, are particularly significant in demonstrating that no excessive contributions are at issue. (See Attachment A.)

With respect to the October 1, 1979 contribution, several factors indicate that the contribution was from Mr. and Mrs. Sefton. First, in a letter forwarding the donation, it was clearly explained that the contribution was made by both Mr. and Mrs. Sefton. Second, in a statement provided to the Committee less than two months after receipt of this contribution, Mr. and Mrs. Sefton both signed a form verifying they each contributed $500. Finally, the Sefton's contribution was drawn on their joint account, both spouses names clearly appearing on the face

of the check. Taken together, the written statement accompanying the contribution, the verification notice signed by the Seftons and the contribution drawn on their joint account, clearly evidence the Sefton's intent to make a joint contribution and their good faith effort to comply with the law. Although the specific requirements of 11 C.F.R. § 104.8(d) may not have been technically satisfied, the overwhelming evidence presented by the Seftons clearly satisfies the spirit and intent of the law. Moreover, in light of past Commission determinations involving spousal contributions similar to that involved here, no further action against Mr. Sefton is appropriate. See e.g., MUR 965(79) and MUR 654(78).

Mr. Sefton's contribution of July 15, 1980 for $1,000 was clearly permissible under the law. The Act permits an individual to contribute up to $1,000 to a presidential candidate's compliance fund. (See Federal Election Commission Record, August and September 1980.) Such a fund was established by the Reagan for President Committee in May of 1980. Mr. Sefton contributed $1,000 to that fund in July of 1980. The purpose of his contribution was made clear from the letter accompanying his donation which stated that Mr. Sefton was "hopeful that you [Mr. Reagan] can use this in your legal and accounting fund." (See Attachment A.) As can been seen from this designation, there is no question that Mr. Sefton legally contributed to the Committee's Compliance Fund.

From the documents provided to the Committee by Mr. Sefton, in addition to the statements contained in his affidavit, there is no basis for finding Mr. Sefton in violation of §441a(a)(1)(A). Because Mr. Sefton remained at all times within his legal contribution limits, further action in this matter is not warranted.

Conclusion

Based on the above factual and legal discussion, it is respectfully requested that no further action be taken against Mr. Sefton and that the file in this matter be closed.

Sincerely,

Edward L. Weidenfeld

cc: Ms. Maura White

8040911

Thomas W. Sefton

October 8, 1981

Federal Election Commission
Washington, D.C. 20463

Attention: Maura White

Re: MUR #1360

Dear Ms. White:

This is in response to your letter to me, dated September 29, 1981. I hope that this correspondence and the enclosed affidavit clear up any confusion which exists concerning contributions made by me and my wife to the campaign of Ronald Reagan.

The facts outlined in the General Counsel's Factual and Legal Analysis correctly state that a total of $2,200 was contributed during the course of the Reagan campaign. However, the contributions were made under the following circumstances:

1. The contribution in April of 1979 in the amount of $200 was intended to be a personal contribution from me to the "Reagan For President Committee" in connection with the primary election in California.

2. The contribution in October of 1979 was intended to be a contribution from me, in the amount of $500 and from my wife, in the amount of $500. I enclosed a note to Nancy Reagan with this contribution indicating that it was being made by both me and my wife.

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3. The third contribution in July of 1980 was intended to be a designated contribution to the Reagan Legal and Accounting Compliance Fund. I enclosed a letter with this contribution designating it for use in the legal and accounting fund.

Therefore, I personally contributed $700 to the Reagan campaign for use during the primary, my wife contributed $500 to the Reagan campaign for use during the primary, and I personally contributed $1,000 as a designated contribution to the Reagan Legal and Accounting Compliance Fund. Apparently, the contributions were not properly allocated by the Reagan campaign according to our intentions. I regret that this has caused some confusion in connection with the contributions.

Enclosed is an affidavit which I have executed which states the complete facts of the contributions. It is my hope that the Commission will find, after reviewing my affidavit and the documents attached to it, that no violation was intended by me and that the error, if any, which has occurred with respect to the contributions, is a function of incorrect accounting by the campaign committee receiving the contributions.

I look forward to hearing from you in the very near future.

Very truly yours,

Thomas W. Sefton

8304038094

AFFIDAVIT

County of San Diego }
State of California } ss

I, Thomas W. Sefton, being duly sworn, state:

1. This affidavit is submitted to the Federal Election Commission in connection with its MUR #1360. All matters stated herein are of my personal knowledge.

2. On April 2, 1979, I remitted a check #10610 to the "Reagan for President Committee" in the amount of $200; a copy of that item and the cover note to Bob and Betty Adams (personal friends of Mr. and Mrs. Reagan) which accompanied it are attached hereto. This contribution was given in connection with the primary election in California and it was intended to be a personal contribution from me.

3. On October 1, 1979, I remitted a check #10921 in the amount of $1,000 payable to "Reagan For President," and sent this directly to Mr. and Mrs. Reagan. A copy of this check and the note to Mrs. Reagan is also attached hereto. This was intended to be a contribution from me, in the amount of $500, and my wife, in the amount of $500, in anticipation of the California primary. As the note to Mrs. Reagan indicated, my wife and I intended for this contribution to be a contribution from both of us.

4. On July 15, 1980, I remitted another check, #11384, for $1,000 to the "Reagan for President Campaign." This check, a copy of which is enclosed, was accompanied by a letter to Mr. Ronald Reagan of even date, a true and correct copy of which I also enclose. At that time, it was my understanding, based on consultation with a lawyer, that there was a restriction on giving additional funds to the Reagan campaign but that additional funds could be donated to a "legal and accounting fund." I so stated in my letter and intended these funds to be so allocated, not realizing that my check should be specifically directed to a "Compliance Fund" as opposed to the "Campaign." It was, however, clearly my intention to designate this contribution for the legal and accounting fund.

Subscribed and sworn to this _____ day of October, 1981, at San Diego, California.

Thomas W. Sefton

STATE OF CALIFORNIA }
COUNTY OF SAN DIEGO } ss.

On October 9, 1981
before me, the undersigned, a Notary Public in and for said County and State, personally appeared
Thomas W. Sefton

known to me to be the person(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same.

WITNESS my hand and Official Seal.

(Seal) Helen K. Diekmann
Notary Public

OFFICIAL SEAL
HELEN K. DIEKMANN
NOTARY PUBLIC - CALIFORNIA
Principal Office in San Diego County
My Commission Exp. July 30, 1984

8 3 0 4 0 3 0 9 4 4

THOMAS W. SEFTON
DONNA K. SEFTON
P. O. BOX 1871
SAN DIEGO, CALIF. 92112

10610

90-52
1222

3/30/ 19 79

PAY TO THE ORDER OF Reagan for President Committee $200.00

Two hundred ----------DOLLARS

San Diego Bank
MAIN OFFICE
540 Broadway
San Diego, CA 92101

"00000 20000"

April 2, 1979

Bob and Betty,

Will you see that Ron receives this as a sort of campaign encouragement.

Tom

THOMAS W. SEFTON
DONNA K. SEFTON
P. O. BOX 1871
SAN DIEGO, CALIF. 92112

10921

10/1/ 1979

20-52
1222

PAY TO THE ORDER OF Reagan For President $1,000.00

One thousand---------- DOLLARS

San Diego Bank
MAIN OFFICE
540 Broadway
San Diego, CA 92101

"0000 10000"

October 1, 1979

Nancy,

Donna and I are sending this along to support Ron (and you). Please let Bob Adams know that I remitted.

Sincerely,

10/1/79 ck 10921
$1000.00
Reagan for President

THOMAS W. SEFTON
DONNA K. SEFTON
P. O. BOX 1871
SAN DIEGO, CALIF. 92112

11384

July 15, 19 80

20-52
1222

PAY TO THE ORDER OF REAGAN FOR PRESIDENT CAMPAIGN $ 1,000.00

One-Thousand and No/100 ---------- DOLLARS

San Diego Bank
MAIN OFFICE
540 Broadway
San Diego, CA 92101

⑈0000 100000⑈

Mr. Ronald Reagan
1669 San Onofre
Pacific Palisades, California 92072

Dear Ron:

I sent you $1,000 in the Primaries and enclosed is an additional check for $1,000 to help in the General Election. Since I suspect that your campaign may be subject to the ban on donations if it accepts federal financing I am hopeful that you can use this in your legal and accounting fund.

Sincerely,

Thomas W. Sefton

TWS:ij

Encl.

REAGAN for PRESIDENT

This is to verify that the donation to Reagan for President in the amount of $ 1,000 , and received by the committee on 10/8/79 , is in fact two individual contributions from the following contributors:

8 5 0 4 0 3 8 3 7 8

Name Thomas W. Sefton Amount Donated $ 500.00

Address P.O. Box 1871

City San Diego

State Calif. Zip 92112

Signature [signature]

Name Donna K. Sefton Amount Donated $ 500.00

Address P.O. Box 1871

City San Diego

State Calif. Zip 92112

Signature [signature]

Date: 12.3.79

Ref. No. 791008 AA

8 3 0 4 0 3 8 0 9 9

REAGAN-BUSH COMPLIANCE FUND

901 South Highland Street
Arlington, Virginia 22204
(703) 685-3400

December 17, 1980

Mr. Thomas W. Sefton
P. O. Box 1871
San Diego, California 92112

Dear Mr. Sefton:

It is with the support of individuals such as yourself that we have successfully elected Ronald Reagan President of the United States.

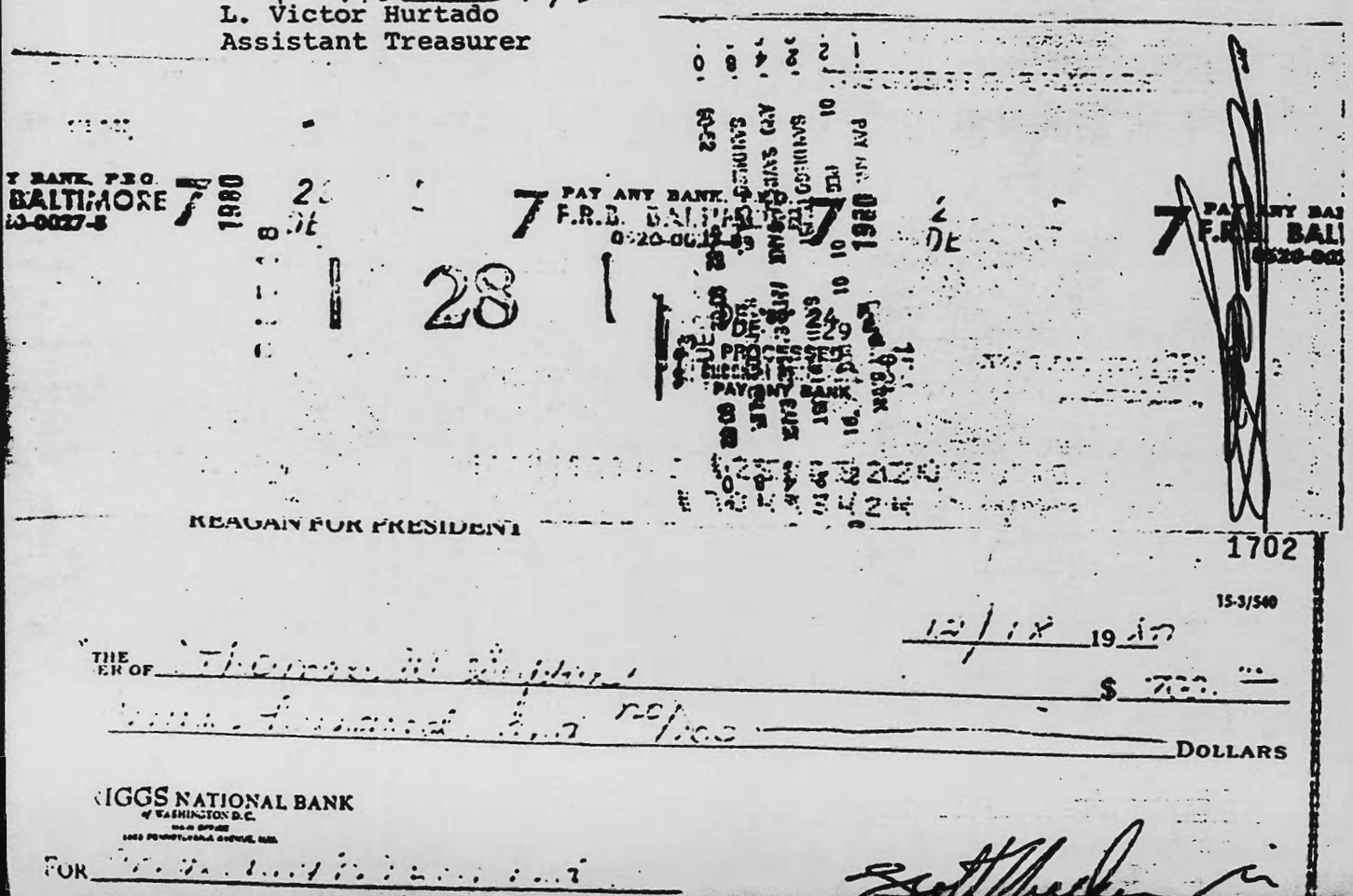
Our records indicate that you contributed $1,700 during the primary campaign. The law allows a maximum contribution of $1,000 for the primary and $1,000 for the general election Compliance Fund. We are, therefore, refunding you $700. Please find our check enclosed for that amount.

The Presidential Transition Foundation, Inc. has recently been established to raise and expend monies to facilitate an orderly transfer of power from the present Administration to the Administration of President-elect Reagan. A fact sheet is also enclosed for your information.

Thank you again for your generosity and support.

Sincerely,

L. Victor Hurtado
Assistant Treasurer



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FROM
McKENNA, CONNER & CUNEO
1575 EYE STREET, NORTHWEST
WASHINGTON, D. C. 20005

Mr. John Warren McGarry
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

DCC# 5788

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*NOT ADMITTED IN D.C.

WRITER'S DIRECT DIAL NUMBER
(202) 789-7566

November 13, 1981

HAND DELIVERED

Ms. Maura White
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Re: MUR 1360

Dear Maura:

This is to confirm our conversation yesterday afternoon in which it was agreed to extend the time to submit responses in connection with the above-referenced matter until Monday, November 16, 1981. Please note that we have not received letters of authorization from several of the individuals involved in MUR 1360. The briefs we will submit on Monday, therefore, will be on behalf of the following individuals and entities who have authorized us to represent them in this matter.

1. Mrs. B. F. Weekley
2. Mr. Albert B. Frowiss
3. Mr. Thomas W. Sefton
4. Mr. Forrest C. Lattner
5. Mr. Peter Hon
6. Tommy Thomas Chevrolet Co., Inc.
7. Reagan for President Committee

Sincerely yours,

Maureen Duignan

MD/sab
cc: Charles N. Steele, Esq.

LAW OFFICES
McKENNA, CONNER & CUNEO
1575 EYE STREET, N.W.
WASHINGTON, D.C. 20005

9304038032

Ms. Maura White
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

HAND DELIVERED

Acc 5789

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BERNARD KOLBON*
EDWIN N. LOWE*
ROBERT A. MANGRUM
ELLEN R. MARSHALL*
MICHAEL A. McANDREWS*
ORVILLE W. McCARROLL*
WILLIAM F. McKENNA
LANE L. McVEY
CHARLES G. MILLER*
CHARLES A. O'CONNOR, III
JOHN S. PACHTER
THOMAS L. PATTEN
AARON M. PECK*
RAYMOND S. E. PUSHKAR
NORMAN H. RAIDEN*
MICHAEL ROSTER*
MARTIN S. SCHWARTZ*
HARVEY G. SHERZER
I. BRUCE SPEISER*
WILLIAM J. SPRIGGS
JAMES R. WALTHER*
EDWARD L. WEIDENFELD
KENNETH W. WEINSTEIN
LES J. WEINSTEIN
BUEL WHITE
DANIEL H. WILLICK*
CHARLES E. YONKERS

COUNSEL
EDWARD LASKERS*
ALBERT L. REEVES
ALVIN G. KALMANSON*
ALBERT H. COLE
MAX GOLDEN*
JOEL P. SHEDD

ASHLEY SELLERS (1902-1977)
GILBERT A. CUNEO (1913-1978)

THOMAS J. ALLEN*
JED L. BABBIN
ROBERT G. BADAL
RAYMOND B. BIAGINI
JULIE FOX BLACKSHAW
JEFFREY A. BOECKER
DAVID S. BROWN*
VICTOR BRUNI*
JANIS A. CHERRY
DAVID A. CHURCHILL
SCOTT P. COOPER*
JOHN A. COURY
JOHN F. DAVIS*
MARY C. DELANEY*
MAUREEN DUIGNAN
LAWRENCE M. FARRELL
JOSEPH GABAI*
CURTIS A. GRAHAM*
DAVID J. GRANT*
ROBERT E. GREGG
RONALD M. GRIFFITH*
GEORGE F. HEMINGWAY*
ROBERT J. HORN*
THOMAS W. HUSSEY
JESSE S. ISHIKAWA*
MICHAEL T. JANIR
MICHAEL T. KAMARAUGH
STEPHEN D. KNIGHT
KENNETH E. KOHLER*
MARTIN H. KRESSEL*
MICHAEL T. LAMBERT*
CHRISTINE M. LANGENFELD*
DARRYL J. LEE
JOHN F. LEHR, JR.*
ADELE O. LEVITT*
FREDERIC M. LEVY
ROBERT M. LINDQUIST
JOSEPH T. LYNYAK, III*
C. STEVEN McMURRY*
MONA D. MILLER*
RICHARD S. OLIVER
THOMAS C. PAPSON
BARBARA A. POTASHNICK*
DOUGLAS M. RAWLINGS*
MITCHELL H. SEGAL
ARTURO SIDA*
ARTHUR F. SILBERGELD*
SARA J. SMITH*
MARTIN E. STEERE*
JEFFREY E. STEINER*
DEL STILTNER
BONNIE A. SULLIVAN
CURTIS ULLMAN*
CHRISTIAN VOLZ
CHARLES E. WASHBURN, JR.*
ROBERT M. WEXMAN*
BARBARA G. WERTHER
LOUISE P. WISE
RENIE E. YOSHIDA*
DEAN J. ZIPSER*

*NOT ADMITTED IN D.C.

WRITER'S DIRECT DIAL NUMBER
(202) 789-7566

November 13, 1981

3 3 0 4 0 3 8 0 9 3

HAND DELIVERED

Ms. Maura White
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Re: MUR 1360

Dear Maura:

This is to confirm our conversation yesterday afternoon in which it was agreed to extend the time to submit responses in connection with the above-referenced matter until Monday, November 16, 1981. Please note that we have not received letters of authorization from several of the individuals involved in MUR 1360. The briefs we will submit on Monday, therefore, will be on behalf of the following individuals and entities who have authorized us to represent them in this matter.

1. Mrs. B. F. Weekley
2. Mr. Albert B. Frowiss
3. Mr. Thomas W. Sefton
4. Mr. Forrest C. Lattner
5. Mr. Peter Hon
6. Tommy Thomas Chevrolet Co., Inc.
7. Reagan for President Committee

Sincerely yours,

Maureen Duignan

MD/sab
cc: Charles N. Steele, Esq.

LAW OFFICES
McKENNA, CONNER & CUNEO
1575 EYE STREET, N.W.
WASHINGTON, D.C. 20005

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

HAND DELIVERED

8304038094

Acct 5803

LAW OFFICES
MALACHY J. COGHLAN
9008 SOUTH HAMILTON
CHICAGO, ILLINOIS 60620
312 / 233-6408
TWX 912 / 221-6008

November 10, 1981

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

RE: Mur 1360

Dear Ms. White:

This will confirm our conversation of yesterday concerning the above matter. You suggested that the Committee was considering a finding of "probable cause", and that there was a need to act with dispatch by way of reply. Incidentally, my correspondence of October 22nd was not acknowledged.

You indicated that regulations covering joint contributions provided for details such as the names of individual contributors, and the amounts to be allocated to each, and that this, in fact, would satisfy the requirements of the law in question.

Attached hereto is a letter dated October 25, 1979 which purports to be a transmittal letter for the contribution of even date.

As indicated in our conversation there was additional inquiry as to the propriety of payment under a Trust Account. Mr. Cross personally made inquiry and was advised that if the various donors had a beneficial interest, contributed from personal funds, and was not in violation of the Trust Agreement, the donation would be proper.

Taken as a whole, I fail to see how the Committee could find the requisite state of mind necessary to determine that "probable cause" existed for a violation of this law.

Your co-operation is appreciated. If I can be of any additional assistance please do not hesitate to call.

Yours very truly,

Malachy J. Coghlan

MJC:ec

MALACHY J. COGHLAN
6008 SOUTH HAMILTON
CHICAGO, ILLINOIS 60630

RECEIVED
NOV 18 A10:

CHICAGO, IL
-PM
12 NOV
1981

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

30408

Gcck 5771

The MYERS Y. COOPER Company

FOUNDED 1895

REAL ESTATE
INVESTMENT DEVELOPERS

TELEPHONE 621-4333

515 DIXIE TERMINAL BUILDING • 40 EAST FOURTH STREET • CINCINNATI, OHIO 45202

81 NOV 6 P 2:34

November 4, 1981

20:2d 6 AON 6 VOV

Federal Election Commission
Washington, D.C. 20463

Attention: Mr. John Warren McGarry
Chairman

Re: MUR 1360

Dear Sir:

We are submitting proof of the inaccuracies of any charges that I contributed more than the law allows to the Reagan campaign.

My grandson, Raymond K. Cooper II, contributed $1,000.00, and his wife Nancy contributed $500.00. Xerox copies of their checks are enclosed.

Raymond K. Cooper, II is 27 years old and is a vice president of The Myers Y. Cooper Company of Cincinnati, Ohio. No doubt the name and same address as mine was confusing.

Very truly yours,

Raymond K. Cooper

RKC/lc

8304080927

9 AON 6 A9:31

RAYMOND K. COOPER

THE FIRST NATIONAL BANK of CINCINNATI No. 0995

CINCINNATI, OHIO 10-9 19 79 13-1/420

PAY TO THE ORDER OF Reagan for President Committee $500 00

EXACTLY ⇐⇐ 500 & 00 CTS. DOLLARS

RAYMOND K. COOPER

⑈000050000⑈

RAYMOND K. COOPER

THE FIRST NATIONAL BANK of CINCINNATI No. 1000

CINCINNATI, OHIO 11-12 19 79 13-1/420

PAY TO THE ORDER OF Reagan for President Committee $500 00

EXACTLY ⇐⇐ 500 & 00 CTS. DOLLARS

RAYMOND K. COOPER

⑈000050000⑈

RAYMOND K. COOPER, II
NANCY C. COOPER

518

Oct 10 19 79 13-1/420

PAY TO THE ORDER OF Reagan for President Committee $ 1,000 00

One Thousand and no/100 DOLLARS

First National Bank CINCINNATI Hyde Park Office

MEMO

Raymond K Cooper II

⑈00518⑈ ⑆042080956⑆

RAYMOND K. COOPER, II
NANCY C. COOPER

605

Feb 12 1980 13-1/420

PAY TO THE ORDER OF Reagan for President $500.00

Five hundred and no/100 DOLLARS

First National Bank CINCINNATI Hyde Park Office

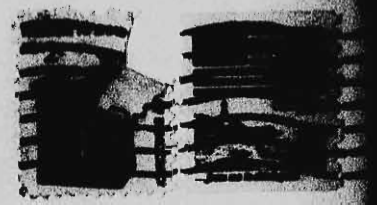
MEMO

Nancy R Cooper

⑈00605⑈ ⑆042080956⑆

Mr. Raymond K. Cooper
The MYERS Y. COOPER Company
515 DIXIE TERMINAL BUILDING
40 EAST FOURTH STREET
CINCINNATI, OHIO 45202

CINCINNATI, OH 452
PM
4 NOV
1981



Federal Election Commission

Washington, D.C. 20463

ATTENTION: Mr. John Warren McGarry
Chairman

81 NOV 6 AM 11:39

0165703
RECEIVED
FEDERAL ELECTION COMMISSION
81 OCT 26 P2:09
81 OCT 26 P3:58

Anne A. Weissenborn, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Re: MUR 1360

Dear Ms. Weissenborn:

With respect to the above-referenced MURs, please be advised that Edward L. Weidenfeld of McKenna, Conner & Cuneo, 1575 Eye Street, N.W., Washington, D. C. 20005 (202-789-7500) will be repsenting me in this matter and is authorized to receive any and all notifications and other communications from the Commission on my behalf.

Sincerely yours,

Peter T. Hannon

Dated: 10/21/81

8304038093 1

PROGRESSIVE NATIONAL
1423 W. Anaheim Street / Wilmington, California 90744

Ms. Anne A. Weissenborn, Esq.
FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D. C. 20463

RECEIVED
FEDERAL ELECTION COMMISSION
81 OCT26 P2:02

OCT26 P3:56

6CC5700

Anne A Weissenborn, Esq.
Federal Election Commission
1325 K Street N.W.
Washington, D.C. 20463

Re: MUR 1360

Dear Ms. Weissenborn:

With respect to the above-referenced MURs, please be advised that Malachy J. Coghlan of 9008 South Hamilton Avenue, Chicago, Illinois 60620 (312-233-6408) will be representing me in this matter and is authorized to receive all notifications and other communications from the Commission on my behalf.

Sincerely yours,

Michael Cross

Michael Cross

Dated: October 20, 1981

0 3 0 4 0 0 3 8 0 9 6 3

Richard Cross
930 E. Green Bay Road
Lake Forest, IL 60045

CHICAGO, ILL
PM
OCT
1981

81 OCT 20 P2

Anne A. Weissenborn, Esq.
FEDERAL ELECTION COMMISSION
1325 K Street N.W.
Washington, D.C. 20463

83

830403

RECEIVED
FEC
1981 OCT 26 P 2:00

LAW OFFICE
MALACHY J. COGHLAN
8008 SOUTH HAMILTON
CHICAGO, ILLINOIS 60620
312 / 233-6408
TWX 912 / 221-6008

1981 OCT 26 P 3:55

October 22, 1981

Anne A. Weissenborn, Esq.
Federal Election Commission
1325 K Street N.W.
Washington, D.C. 20463

Re: MUR 1360

Dear Ms. Weissenborn:

Please be advised that I represent Michael Cross in the above matter and am available to co-operate in any way that I can.

Very truly yours,

Malachy J. Coghlan

MJC:ec

8 8 0 4 0 0 0 9 5 5

October 20, 1981

Anne A. Weissenborn
Federal Election Commission
1325 K Street N.W.
Washington, D.C. 20463

Re: MUR 1360

This will authorize Malachy J. Coghlan to represent me in the above matter, and request that you forward all notifications and other communications to him.

Sincerely,

Michael J. Cian

8304030090-56

MALACHY J. COGHLAN
8008 SOUTH HAMILTON
CHICAGO, ILLINOIS 60620

83040[illegible]

CHICAGO, ILL.
PM
OCT
1981

81 OCT 26 P2

[redacted]

Anne A. Weissenborn, Esq.
FEDERAL ELECTION COMMISSION
1325 K Street N.W.
Washington, D.C. 20463

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 19, 1981

Maureen Duignan
McKenna, Conner and Cuneo
1575 Eye Street, N.W.
Washington, D.C. 20005

RE: MUR 1360

Dear Ms. Duignan:

This is in reference to your letters dated October 13, 1981, in which you request, on behalf of the Reagan for President Committee and 14 individual respondents, a 30 day extension of time in which to respond to the Commission's notices that it has reason to believe each of the above 15 respondents violated the Federal Election Campaign Act of 1971, as amended ("the Act").

I have reviewed your request and agree to a 30 day extension of time. The responses of your clients are due, therefore, on November 12, 1981. If you have any questions, please contact Maura White at 202-523-4057.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

8304080956

Case #5C89

GM

Chevrolet

Tommy Thomas Chevrolet, Inc.

705 West Fifteenth Street
Panama City, Florida 32401

P. O. Box 490
(904) 785-5221

10-16-81

M/S Maura White

AFTER TALKING WITH YOU I CONTACTED MAUREEN REGAN IN MR. WINDENFELD'S OFFICE AND ASKED FOR THEIR LEGAL ASSISTANCE.

I WILL FOLLOW THEIR INSTRUCTIONS

THANKS FOR YOUR HELP

Sincerely,

E. Adams

Occ# 5689

MUR 1360

STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: EDWARD WILDENFELD
ADDRESS: 1575 EYE ST. N.W.
TELEPHONE: WASHINGTON, D.C.
789-7500

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

10-16-1981
Date

Signature

NAME: L.E. "Tommy" Thomas
ADDRESS: BOX 490
PANAMA CITY, FLA. 32401
~~HOME PHONE:~~
BUSINESS PHONE: 904-785-5221

RECEIVED
FEDERAL ELECTION COMMISSION
OCT 23 P2:36

83040580970

Tommy Thomas
Post Office Box 490
Panama City, Florida 32401

8304030097

WASHINGTON, DC
AM
22 OCT
1981

ALWAYS USE
ZIP CODE

81 OCT 23 AM 11:56

Ms Maura White
Federal Elections Commission
Washington, D.C. 20463

Putting You First In A Big Way!

Doc# 5685

213 928-1131

EDWARD DILORETO
7333 RIO FLORA PLACE
DOWNEY, CALIFORNIA 90241

81 OCT 22 P2:45

October 13, 1981

Federal Election Commission
Washington, D.C. 20461

RE: MUR 1360

Attention: Maura White

Dear Madam:

In reply to your letter of September 29, 1981, I wish to inform you that the three donations to the REAGAN FOR PRESIDENT COMMITTEE were made by my son Eric in the sum of $250.00, which he has repaid to me; by my wife Jill for $1000.00 as her donation from our mutual funds (since her checking account is for household expenses and she could not write a check for that amount) and from myself for $1,000.00 as my personal donation. This was exactly what we intended and so informed the Republican Committee at the time as my wife and my son wanted to make their own donations.

I hope this reply along with the two letters enclosed, one from my son Eric and one from my wife Jill will satisfy your inquiry and conclude this matter.

Very truly yours,

Edward Di Loreto

Edward Di Loreto

Enclosures

8504060028

October 13, 1981

To Whom it May Concern:

During the presidential campaign I, Jill DiLoreto, requested that my husband, Edward DiLoreto, make a $1,000 contribution to the Reagan for President campaign, on my behalf. This contribution was made out of our community funds. The Reagan for President Committee was told that it was my contribution but we were not aware that a separate written statement had to accompany the contribution.

Sincerely,
Jill DiLoreto

October 13th 1981

To whom it may concern:

I, Eric DiLoreto wish to state that I requested my father, Edward DiLoreto, to advance $250.00 for me to the Reagan for President campaign. I have since repaid the loan which my father made to me. At the time it was not convenient for me to make the donation, so I asked my dad for this temporary loan.

Very truly yours

Eric DiLoreto

WASHINGTON
1 PM
20 OCT
1981

Federal Election Committee

Washington, D.C. [redacted]

ATTENTION: Maura White
RE: MUR 1360

81 OCT 22 A7:5

101934

Scott 5670

RECEIVED
81 OCT 19 P12:41

LAW OFFICES
BASSEY, SELESKO, COUZENS AND MURPHY P.C.

RONALD D. BASSEY
JOHN D. SELESKO
JACK S. COUZENS, II
LAWRENCE J. MURPHY
PAUL LIEBERMAN
DONALD M. LANSKY
HOWARD K. SCHWARTZ
ALAN C. ROEDER
ALAN J. FERRARA
RICHARD A. WOJEWODA
THOMAS N. ARR
JOHN N. THOMSON

KATHRYN F. GILSON
RENARD J. KOLASA
JOSEPH FALCONE
THOMAS H. BILLINGSLEA, JR.
KIERAN F. CUNNINGHAM
ROBERT B. BETTENDORF
DENNIS C. MODZELEWSKI
DAVID C. MAY
MICHAEL D. BRENNER
JAMES A. D'AGOSTINI

1400 AMERICAN CENTER
SOUTHFIELD, MICHIGAN 48034

TELEPHONE (313) 355-5000

October 16, 1981

Ms. Maura White
Federal Election Commission
1325 K Street, N.W.
Office of General Counsel
7th Floor
Washington, D.C. 20463

MUR 1360

Re: Hazel K. Bowerman - Violation of Federal Election Campaign Act of 1971

Dear Ms. White:

This letter is in response to your letter to Hazel Bowerman dated September 29, 1981 in which you alledged that the Federal Election Campaign Act of 1971 has been violated by her. Your factual and legal analysis states that Mrs. Bowerman contributed $1,050.00 in excess of the contribution limitations to the Reagan for President Committee which constitutes a violation of 2 U.S.C. Section 441a(a)(1)(A).

2 U.S.C. Section 441J(a) states that any person who knowingly and willfully commits a violation of any provision or provisions of this Act (the Federal Election Campaign Act of 1971) which involves the making, receiving, or reporting of any contributions or expenditures having a value in the aggregate of $1,000.00 or more during a calender year shall be fined in an amount which does not exceed the greater of $25,000.00 or 300 percent (300%) of the amount of any contribution or expenditure involved in such violation, imprisoned for not more than one year, or both.

Our client, Hazel Bowerman, is 94 years of age. She was constantly being harassed and taken advantage of by representatives from various political and charitable organizations asking her for contributions. She made various contributions to such organizations

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without full realization of either the total amount of the contributions she was making or the organizations to which such contributions were made. This situation became so impossible, that in 1980, our office strongly recommended that a trust be established for her benefit so that these organizations could no longer take advantage of her. As a result, National Bank of Detroit, a national banking association, was named Trustee of the Hazel K. Bowerman Living Trust and has taken over the management of Mrs. Bowerman's assets.

It is our opinion that Mrs. Bowerman was in no condition to knowingly and willfully violate the Federal Election Campaign Act of 1971 when such contributions were made to the Reagan for President Committee since she did not fully realize the effect of making such contributions to the Committee nor did she fully realize to which committees she was making contributions.

As such, we request that the allegations against her for violation of the Federal Campaign Act of 1971 be dismissed.

We are enclosing herewith a copy of Statement of Designation of Counsel indicating John N. Thomson and Kathryn F. Gilson serve in such capacity.

Very truly yours,

BASSEY, SELESKO, COUZENS AND MURPHY P.C.

JOHN N. THOMSON

KATHRYN F. GILSON

JNT:KFG:lmk
encl.
cc: Mr. John Standish w/encl.

3 0 4 0 - 3 0 9 7 7

STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: John N. Thomson and Kathryn F. Gilson

ADDRESS: 1400 American Center, Southfield, Michigan 48034

TELEPHONE: (313) 355-5000

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

October 16, 1981
Date

Hazel K. Bowerman
Signature HAZEL K. BOWERMAN

NAME: Hazel K. Bowerman

ADDRESS: 415 Burns Drive, #419
Detroit, Michigan 48214

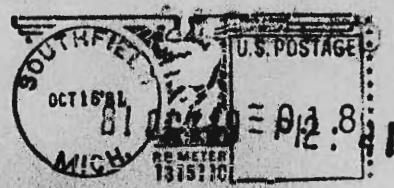
HOME PHONE: (313) 823-0889

BUSINESS PHONE: None

830401030976

LAW OFFICES
BASSEY, SELESKO, COUZENS AND MURPHY P.C.
1400 AMERICAN CENTER
SOUTHFIELD, MICHIGAN 48034

8304038079



Ms. Maura White
Federal Election Commission
1325 K Street, N.W.
Office of General Counsel
7th Floor
Washington, D.C. 20463

101953

RECEIVED
Ccc #5671
81 OCT 19 P12:41

LAW OFFICES
HUDSON, KELTNER, SMITH, CUNNINGHAM & PAYNE
FORT WORTH NATIONAL BANK BUILDING
FORT WORTH, TEXAS 76102

CABLE ADDRESS
HUDLAW
TELEPHONE
(817) 336-2300

LUTHER HUDSON
EDGAR H. KELTNER, JR
KILLOUGH K. SMITH, JR
JOE BRUCE CUNNINGHAM
HERSHEL R. PAYNE
HARRY M. BRANTS
HAROLD S. SPARKS III
DONALD E. HERRMANN
R. BRENT KEIS
BARBARA PRATS NEELY

October 15, 1981

RECEIVED
FEDERAL ELECTION COMMISSION
81 OCT 19 P4:16

Anne A. Weissenborn, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1360: Matter of Mrs. B. F. Weekley

Dear Ms. Weissenborn:

Please find enclosed a Statement of Designation of Counsel in the above-referenced matter. Thank you for your attention to this.

Very truly yours,

R Brent Keis

R. Brent Keis

RBK:jg
Enclosure
cc: Ms. Maureen Duignan
McKenna, Conner & Cuneo
1575 Eye Street, N.W.
Washington, D.C. 20005

6340038030

STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: Edward L. Weidenfeld of McKenna, Conner & Cuneo

ADDRESS: 1575 Eye Street, N.W., Washington, D.C. 20005

TELEPHONE: (202) 789-7500

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

830408093 1

Date ~~October 15, 1981~~ Signature Mrs. B F. Weekley

NAME: Mrs. B. F. Weekley

ADDRESS: 15 Valley Ridge Road

Fort Worth, Texas 76107

HOME PHONE: (817)737-9082

BUSINESS PHONE:

LAW OFFICES
HUDSON, KELTNER, SMITH, CUNNINGHAM & PAYNE
FORT WORTH NATIONAL BANK BUILDING
FORT WORTH, TEXAS 76102

RECEIVED
FORT WORTH TEXAS
OCT 15 '81
81 OCT 19 PM 12:41
FEDERAL ELECTION COMMISSION

Anne A. Weissenborn, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

830403800 82

Gcc# 5614

LAW OFFICES
McKENNA, CONNER & CUNEO
1575 EYE STREET, N.W.
WASHINGTON, D.C. 20005
(202) 789-7500
CABLE ADDRESS: MCKENCONN WASHDC
TELEX (TWX) 710-822-0149
TELECOPIER (202) 789-7594

LOS ANGELES
TWENTY-EIGHTH FLOOR
3435 WILSHIRE BOULEVARD
LOS ANGELES, CALIFORNIA 90010
(213) 384-3600 · 388-9321

SAN FRANCISCO
1920 MILLS TOWER
220 BUSH STREET
SAN FRANCISCO, CALIFORNIA 94104
(415) 433-0640

MAUREEN DUIGNAN

WRITER'S DIRECT DIAL NUMBER
(202) 789- 7566

October 13, 1981

HAND DELIVERED

OCT 13 P 1:23

Ms. Maura White
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Re: MUR 1360

Dear Maura:

We have received MUR 1360 containing the Commission's finding of "reason to believe" that the Reagan for President Committee violated 2 U.S.C. §§ 434(b)(8), 441a(f), and 441b(a). During our phone conversation last Friday, you informed us that fourteen individuals were the basis for this finding.

A proper response to this finding requires that the facts associated with each individual be fully investigated, as well as any other facts that may bear upon this matter. Moreover, appropriate legal research must be performed. Therefore, we request a 30-day extension from October 13, 1981 (the day we received copies of the Commission's MUR letters) within which to respond to the Commission's "reason to believe" finding as set forth in the referenced MUR.

Thank you for your consideration of this matter. Please call me if you have any questions.

Sincerely yours,

Maureen Duignan

MD/sab

0 5 0 4 0 0 3 9 3 3

LAW OFFICES
McKENNA, CONNER & CUNEO
1575 EYE STREET, N.W.
WASHINGTON, D.C. 20005
(202) 789-7500

CABLE ADDRESS: MCKENCONN WASHDC
TELEX (TWX) 710-822-0149
TELECOPIER (202) 789-7594

LOS ANGELES
TWENTY-EIGHTH FLOOR
3435 WILSHIRE BOULEVARD
LOS ANGELES, CALIFORNIA 90010
(213) 384-3600 · 388-9321

SAN FRANCISCO
1920 MILLS TOWER
220 BUSH STREET
SAN FRANCISCO, CALIFORNIA 94104
(415) 433-0640

MAUREEN DUIGNAN

WRITER'S DIRECT DIAL NUMBER
(202) 789-7566

OCT 13 11:21

October 13, 1981

HAND DELIVERED

Ms. Maura White
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Re: MUR 1360

Dear Maura:

During our telephone conversation last Friday, you informed us that there were fourteen individual contributors who recently received "reason to believe" notices with respect to the above-captioned matter. The persons you identified included the following:

1. Hazel Bowerman
2. Raymond Cooper
3. Michael Cross
4. Edward De Loreto
5. Albert Frowiss
6. Mr. B. D. Gilbert
7. Peter Hom
8. Forrest Lattner
9. William Manning
10. Warren Porter
11. Thomas Sefton
12. Mrs. B. F. Weekley
13. Thomas Trainer
14. Rudolph Bernatschke

As you are aware, it has been our practice to offer legal representation to individuals who have been charged by the Commission with making prohibited contributions to the Reagan for President Committee. Since we have just received the names of the individuals listed above, we will not be able to work on any of their cases until we receive authorization

8 3 0 4 0 0 0 9 9 4

from each contributor to do so. Moreover, it will take considerable time to locate documents relevant to each individual and perform the necessary legal research. As a result, we request a 30-day extension from October 13, 1981 (the day we received copies of the Commission's MUR letters) within which to respond to the Commission's "reason to believe" findings for the above-referenced individuals.

Thank you for your consideration of this matter. Please call me if you have any questions.

Sincerely yours,

Maureen Duignan

MD/sab

8304030093

LAW OFFICES
McKENNA, CONNER & CUNEO
1575 EYE STREET, N.W.
WASHINGTON, D.C. 20005

Ms. Maura White
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

HAND DELIVERED

8040380969

Ccc# 5618

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS/JODY CUSTER JC

DATE: OCTOBER 13, 1981

SUBJECT: REFERRAL OF LETTER REGARDING: MUR 1360

The attached letter regarding MUR 1360 was received in Chairman McGarry's office and then forwarded to the Secretary of the Commission. It is provided for your action.

Attachment:
Letter dated October 8, 1981
from Mrs. Warren N. Porter

OCT 13 P3:44

83040080937

19 W. Main Street
Evansville, Wisconsin 53536
Oct. 8, 1981

Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463
Att. John W. McGarry, Chairman.

Dear Mr. McGarry:

Your letter of Sept. 29, 1981 to Warren N. Porter, then of R.2 Edgerton, Wis. 53534, was received here in Evansville on Oct. 3, 1981.

I am Mrs. Warren N. Porter. Our present address is:

Mr. and Mrs. Warren N. Porter
19 W. Main St.
Evansville, Wisconsin 53536.

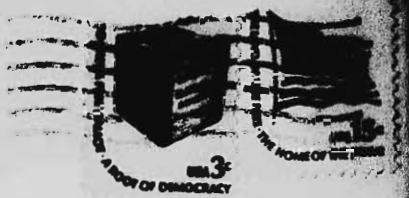
Warren, 96, has been hospitalized during the past year, for an Appendectomy, Volvulus Intestine, and a gastrostomy. He is alert, but unable to write. He resides at the Evansville Manor [Nursing Home] Evansville, Wis. 53536.

The amount of money under question in MUR 1360 was $1781.00 a check for that amount was returned to Warren on Nov. 3, 1980.

Sincerely
Annette [Mrs. Warren N.] Porter.

Mrs. Warren N. Porter
19 W. MAIN
Evansville, Wi
53536.

MADISON, WI 537
PM
8 OCT
1981



830409380

Federal Election Commission
1325 K Street NW
Washington, D.C. 20463
Att. John McGarry Chairman.

81 OCT 13 A9:28

10187

RECEIVED
Oct # 5624
81 OCT 13 P2:52

B. D. GILBERT

100 EAST 42ND STREET
NEW YORK, N. Y. 10017
(212) 986-3730
CABLE - BENDEGIL
NEW YORK

October 9, 1981

Federal Election Commission
Washington, D. C. 20463

Att: Maura White MUR 1360

Dear Maura White:

The notification of my possible violation of 2 U.S.C. S. 441a(a) (1) (A) was received by me on October 2, 1981.

I hasten to say that I thought that there was no $1,000 limit on giving to a candidate before nomination.

In any event, since the Reagan for President Committee returned the extra $2,000 I sent in November 1979, the effect is the same as though I had contributed only $1,000.

I trust that you'll agree that I've not sinned against 2 U.S.C. S. 441a(a) (1) (A).

Respectfully,

B. D. Gilbert

B. D. Gilbert

BDG:hfe

82 OCT 12 P4:28

B. D. GILBERT
100 EAST 42ND STREET
NEW YORK, N. Y. 10017

YORK

81 OCT 13 P2:

FEDERAL ELECTION COMMISSION

WASHINGTON, D. C. 20463

Att: Maura White MUR 1360

3040183

RECEIVED
FEC 5648
81 OCT 15 P12:04

101
903

FORREST C. LATTNER
P. O. BOX 837
DELRAY BEACH, FLORIDA 33444

October 9, 1981

81 OCT 15 P3:35

Federal Election Commission
1325 K Street N.W.
Washington, D. C. 20005

Attention of Maura White, Staff Member

Re: Forrest C. Lattner
MUR 1360

Gentlemen:

I received your communication, dated September 29th, on Monday, October 5th and wish to advise that I have designated Edward L. Weidenfeld of McKenna Conner & Cuneo, Counselors, to represent me in this matter.

Please direct all further communications to Mr. Weidenfeld.

Thank you for your attention to this matter.

Very truly yours,

Forrest C. Lattner

FCL/mmr

8 0 4 4 0 0 9 4 3

03040809213

WEST PALM BEACH, FLA.
Wd
10 OCT
1981
OCT 15

Federal Election Commission

1325 K Street N. W.

Washington, D. C. 20005

Attention of Maura White, Staff Member

101885

RECEIVED
Gcc#5637
81 OCT 14 P3:07

ROGERS HOGE & HILLS

90 PARK AVENUE
NEW YORK 10016
(212) 953-9200
CABLE ADDRESS "RAMERICA"
ITT TELEX 423564
RCA TELEX 236605

1900 M STREET, N.W.
WASHINGTON, D.C. 20036
(202) 223-5422

ONE NORTH BROADWAY
WHITE PLAINS, N.Y. 10601
(914) 761-0500

WRITER'S DIRECT DIAL NUMBER

953-9225

October 9, 1981

81 OCT 14 P4:24

Ms. Maura White
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1360

Dear Ms. White:

Supplementing our telephone conversation of last week, I am pleased to enclose copies of the two $1,000.00 checks, dated January 10, 1979 and October 24, 1979, which were in question. As you can see, not only are the names Cathalene Crane Bernatschke and Rudolf Anton Bernatschke printed on the check, but each of them signed as makers as well. Therefore, I believe that the check themselves contain a clear indication that the contributions were to be by each of them and not merely Rudolf Anton Bernatschke as suggested in your letter of September 29 to him.

I trust you will concur with this conclusion and would appreciate the courtesy of a reply.

Also enclosed is a Statement of Designation of Counsel for your records.

Sincerely,

Charles J. Seidler, Jr.

CJSjr/smt
Enclosures
CC: Mr. and Mrs. Rudolf Anton Bernatschke
222 East 62nd Street
New York, New York 10021

CATHALENE CRANE BERNATSCHKE
RUDOLF ANTON BERNATSCHKE

2447

June 10 19 79 1-23/210

Pay to the order of Reagan Com. Cmte. in the Republic $1000.00

One Thousand and no/100 Dollars

Morgan Guaranty Trust Company OF NEW YORK

Memo Oct 4-1000

Cathalene Crane Bernatschke
Rudolf Anton Bernatschke

⑈00100000⑈

BURROUGHS-NEWPORT-B/W

830403809 7 5

CATHALENE CRANE BERNATSCHKE
RUDOLF ANTON BERNATSCHKE

2795

October 24 19 79 1-23/210

Pay to the order of Reagan For President $1000 00/100

One Thousand and no/100 Dollars

Morgan Guaranty Trust Company OF NEW YORK

Memo

Cathalene Crane Bernatschke
Rudolf Anton Bernatschke

⑈0000100000⑈

BURROUGHS-NEWPORT-B/W

8304080926

FOR DEPOSIT ONLY
Reagan Headquarters

MM 0218-0120-8 FRB NY 0218-0120-8
MM PAY ANY BANK MM 1978 MAR 8

MAR 8

FRB NY 0218-0120-8
ANY BANK MM 1978 MAR 8

UCB-LA
PAY ANY BANK

PAY TO THE ORDER OF
SANTA MONICA, CALIFORNIA
FOR DEPOSIT ONLY
REAGAN FOR PRESIDENT
02091542

PROCESSED BY
MORGAN GUARANTY TRUST
COMPANY OF NEW YORK

STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: CHARLES J. SEIDLER, JR.

ADDRESS: 90 Park Avenue, New York, New York 10016

TELEPHONE: 212-953-9225

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

October 8, 1981
Date

Rudolf Anton Bernatschke
Signature

NAME: RUDOLF ANTON BERNATSCHKE

ADDRESS: 222 East 62nd Street, New York, New York 10021

HOME PHONE: 212-752-4171

BUSINESS PHONE:

8304080097

ROGERS HOGE & HILLS
90 PARK AVENUE
NEW YORK, N.Y. 10016

NEW YORK, NY
PM
10 OCT
1981

Ms. Maura White
Federal Election Commission
Washington, D.C. 20463

Thomas W. Sefton 81 OCT 19 AM 10:40

10927

October 8, 1981

Federal Election Commission
Washington, D.C. 20463

Attention: Maura White

Re: MUR #1360

Dear Ms. White:

This is in response to your letter to me, dated September 29, 1981. I hope that this correspondence and the enclosed affidavit clear up any confusion which exists concerning contributions made by me and my wife to the campaign of Ronald Reagan.

The facts outlined in the General Counsel's Factual and Legal Analysis correctly state that a total of $2,200 was contributed during the course of the Reagan campaign. However, the contributions were made under the following circumstances:

1. The contribution in April of 1979 in the amount of $200 was intended to be a personal contribution from me to the "Reagan For President Committee" in connection with the primary election in California.

2. The contribution in October of 1979 was intended to be a contribution from me, in the amount of $500 and from my wife, in the amount of $500. I enclosed a note to Nancy Reagan with this contribution indicating that it was being made by both me and my wife.

8 3 0 4 0 0 3 0 0 5

Thomas W. Sefton

Federal Election Commission
Attention: Maura White
October 8, 1981

3. The third contribution in July of 1980 was intended to be a designated contribution to the Reagan Legal and Accounting Compliance Fund. I enclosed a letter with this contribution designating it for use in the legal and accounting fund.

Therefore, I personally contributed $700 to the Reagan campaign for use during the primary, my wife contributed $500 to the Reagan campaign for use during the primary, and I personally contributed $1,000 as a designated contribution to the Reagan Legal and Accounting Compliance Fund. Apparently, the contributions were not properly allocated by the Reagan campaign according to our intentions. I regret that this has caused some confusion in connection with the contributions.

Enclosed is an affidavit which I have executed which states the complete facts of the contributions. It is my hope that the Commission will find, after reviewing my affidavit and the documents attached to it, that no violation was intended by me and that the error, if any, which has occurred with respect to the contributions, is a function of incorrect accounting by the campaign committee receiving the contributions.

I look forward to hearing from you in the very near future.

Very truly yours,

Thomas W. Sefton

RECEIVED
81 OCT 19 A10:40

Bcc # 5667

A F F I D A V I T

County of San Diego } ss
State of California }

I, Thomas W. Sefton, being duly sworn, state:

1. This affidavit is submitted to the Federal Election Commission in connection with its MUR #1360. All matters stated herein are of my personal knowledge.

2. On April 2, 1979, I remitted a check #10610 to the "Reagan for President Committee" in the amount of $200; a copy of that item and the cover note to Bob and Betty Adams (personal friends of Mr. and Mrs. Reagan) which accompanied it are attached hereto. This contribution was given in connection with the primary election in California and it was intended to be a personal contribution from me.

3. On October 1, 1979, I remitted a check #10921 in the amount of $1,000 payable to "Reagan For President," and sent this directly to Mr. and Mrs. Reagan. A copy of this check and the note to Mrs. Reagan is also attached hereto. This was intended to be a contribution from me, in the amount of $500, and my wife, in the amount of $500, in anticipation of the California primary. As the note to Mrs. Reagan indicated, my wife and I intended for this contribution to be a contribution from both of us.

4. On July 15, 1980, I remitted another check, #11384, for $1,000 to the "Reagan for President Campaign." This check, a copy of which is enclosed, was accompanied by a letter to Mr. Ronald Reagan of even date, a true and correct copy of which I also enclose. At that time, it was my understanding, based on consultation with a lawyer, that there was a restriction on giving additional funds to the Reagan campaign but that additional funds could be donated to a "legal and accounting fund." I so stated in my letter and intended these funds to be so allocated, not realizing that my check should be specifically directed to a "Compliance Fund" as opposed to the "Campaign." It was, however, clearly my intention to designate this contribution for the legal and accounting fund.

Subscribed and sworn to this _____ day of October, 1981, at San Diego, California.

Thomas W. Sefton

STATE OF CALIFORNIA }
COUNTY OF SAN DIEGO } ss.

On October 9, 1981
before me, the undersigned, a Notary Public in and for said County and State, personally appeared
Thomas W. Sefton

known to me to be the person(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same.

WITNESS my hand and Official Seal,

(Seal) Helen K. Diekmann
Notary Public

OFFICIAL SEAL
HELEN K. DIEKMANN
NOTARY PUBLIC - CALIFORNIA
Principal Office in San Diego County
My Commission Exp. July 30, 1984

8504010021

THOMAS W. SEFTON
DONNA K. SEFTON
P. O. BOX 1871
SAN DIEGO, CALIF. 92112

11384

July 15, 19 80 20-52 1222

PAY TO THE ORDER OF REAGAN FOR PRESIDENT CAMPAIGN $ 1,000.00

One-Thousand and No/100 ---------- DOLLARS

San Diego Bank
MAIN OFFICE
540 Broadway
San Diego, CA 92101

"0000 100000"

Mr. Ronald Reagan
1669 San Onofre
Pacific Palisades, California 92072

Dear Ron:

I sent you $1,000 in the Primaries and enclosed is an additional check for $1,000 to help in the General Election. Since I suspect that your campaign may be subject to the ban on donations if it accepts federal financing I am hopeful that you can use this in your legal and accounting fund.

Sincerely,

Thomas W. Sefton

TWS:ij

Encl.

8040081300

THOMAS W. SEFTON
DONNA K. SEFTON
P. O. BOX 1871
SAN DIEGO, CALIF. 92112

10921

10/1/ 1979

20-52
1222

PAY TO THE ORDER OF Reagan For President $1,000.00

One thousand---------- DOLLARS

San Diego Bank
MAIN OFFICE
540 Broadway
San Diego, CA 92101

"0000 10000"

October 1, 1979

Nancy,

Donna and I are sending this along to support Ron (and you). Please let Bob Adams know that I remitted.

Sincerely,

10/1/79 - ck 10921
$1000.00
Reagan for President

THOMAS W. SEFTON
DONNA K. SEFTON
P. O. BOX 1871
SAN DIEGO, CALIF. 92112

10610

3/30/ 19 79

90-52
1222

PAY TO THE ORDER OF Reagan for President Committee $200.00

Two hundred ----------DOLLARS

San Diego Bank
MAIN OFFICE
540 Broadway
San Diego, CA 92101

"00000 20000"

April 2, 1979

Bob and Betty,

Will you see that Ron receives this as a sort of campaign encouragement.

Tom

AFTER FIVE DAYS RETURN TO

San Diego Trust & Savings Bank

SAN DIEGO, CALIFORNIA 92112

Around the clock banking 5 7/24

SAN DIEGO CALIF. 39

San Diego Trust & Savings Bank

93 Legal

MIS - 408

TO

Federal Election Commission
Washington, D.C. 20463

Attn: Maura White

RECEIVED
GCCH5593
81 OCT 8 P12:19

STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: Edward L. Weidenfeld, McKenna, Conner, & Cuneo

ADDRESS: 1575 Eye St., N.W., Washington, D.C. 20005

TELEPHONE: (202) 789-7500

81 OCT 8 P3:06

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission. Please forward all documentation regarding allegations in MUR 1360 to them.

October 5, 1981
Date

Signature

NAME: Albert B. Frowiss

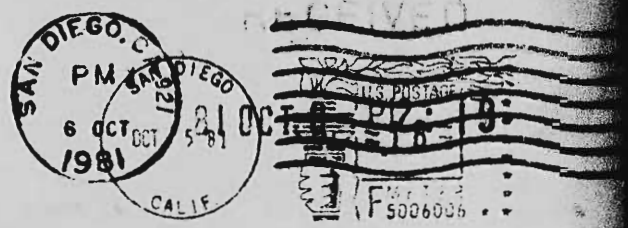
ADDRESS: Box 909, Rancho Santa Fe CA 92067

~~HOME PHONE:~~

BUSINESS PHONE: (714) 299-9686

8304031036

[redacted] ALBERT B. FROWISS
SUITE 235
[redacted] MISSION CENTER CT.
SAN DIEGO, CA 92108



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

C 00030381

ATTN: MAURA WHITE

FEDERAL ELECTION COMMISSION

WASHINGTON, DC 20463

MUR 1360

Memo to the Pamanent File:

The attached letter to Raymond Cooper should be remailed to the following address:

500 Dixie Terminal Bldg.
Cincinnati, Ohio 45202

8 5 0 4 0 7 8 1 3 0 1 6

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Official Business
Penalty for Private Use $300

340381

RETURNED TO WRITER

CINCINNATI, OH 45

POSTAGE AND FEES PAID

Return to Sender
Not at this address

Raymond K. Cooper
~~5005 Shawnee Run Road~~
~~Cincinnati, Ohio 45243~~

Personnel

FEDERAL ELECTION COMMISSION

WASHINGTON, DC 20463

MUR 1360

10/21/81

The RTB letter to William Manning should be remailed to the following address:

110 Calle Alta

Orange, CA 92669

6304381210

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Official Business
Penalty for Private Use $300

RETURNED TO SENDER
FORWARDING ORDER EXPIRED

POSTAGE AND FEES PAID

Mr. William E. Manning
3337 Faircrest Drive
Anaheim, California 92804

Fwd 459

Maura White
OGC

30403601

87

FEDERAL ELECTION COMMISSION

WASHINGTON, DC 20463

October 10, 1981

Memo to the Permanent
File in MUR 1360

The attached letter to the C.T. Clyne Company should be filed in the permanent file as we are unable to determine the current address of the Company.

8 3 0 4 0 0 3 8 1 6 1 3

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Official Business
Penalty for Private Use $300

POSTAGE AND FEES PAID

FEC

830403687

Mr. C.T. Clyne
C.T. Clyne Company
59 East 64th Street
New York, New York 10021

10/9/81

FEDERAL ELECTION COMMISSION

WASHINGTON, DC 20463

Memo to the file : MUR1360

The attached letter to Raymond Cooper should be remailed to the following address:

8085 Shawnee Run Rd
Cincinnati, Ohio 45243

8304081040

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Official Business
Penalty for Private Use $300

340381

Mr. Raymond K. Cooper
8055 Shawnee Run Road
Cincinnati, Ohio 45243

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 1, 1981

C.T. Clyne
C.T. Clyne Company
59 East 64th Street
New York, New York 10021

Re: MUR 1360

Dear Mr. Clyne:

On September 22, 1981, the Federal Election Commission determined that there is no reason to believe that The C.T. Clyne Company violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended, in connection with a settlement entered between the Reagan for President Committee and The C.T. Clyne Company on July 29, 1980. Accordingly, the Commission will take no further action in regard to The C.T. Clyne Company in this matter. If you wish to submit any materials to appear on the public record, please do so within ten days.

This matter will become part of the public record within 30 days after the file has been closed with respect to all other respondents involved. Please be advised 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, please contact Maura White, the staff member assigned to this matter, at 202-523-4057.

Sincerely,

Charles N. Steele
General Counsel

BY: _____
Kenneth A. Gross
Associate General Counsel

8304381016

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

C.T. Clyne
C.T. Clyne Company
59 East 64th Street
New York, New York 10021

Re: MUR 1360

Dear Mr. Clyne:

On September 22, 1981, the Federal Election Commission determined that there is no reason to believe that The C.T. Clyne Company violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended, in connection with a settlement entered between the Reagan for President Committee and The C.T. Clyne Company on July 29, 1980. Accordingly, the Commission will take no further action in regard to The C.T. Clyne Company in this matter. If you wish to submit any materials to appear on the public record, please do so within ten days.

This matter will become part of the public record within 30 days after the file has been closed with respect to all other respondents involved. Please be advised 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, please contact Maura White, the staff member assigned to this matter, at 202-523-4057.

Sincerely,

Charles N. Steele
General Counsel

mw 9/29/81

BY: _____
Kenneth A. Gross
Associate General Counsel

3040381017

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 1, 1981

D. Richard Geske, President
MediAmerica, Inc.
1900 N. Beauregard Street
Suite 12
Alexandria, Virginia 22311

Re: MUR 1360

Dear Mr. Geske:

On September 22, 1981, the Federal Election Commission determined that there is no reason to believe MediAmerica, Inc. violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended, in connection with a settlement entered between the Reagan for President Committee and MediAmerica, Inc. on October 29, 1980. Accordingly, the Commission will take no further action in regard to MediAmerica in this matter. If you wish to submit any materials to appear on the public record, please do so within ten days.

This matter will become part of the public record within 30 days after the file has been closed with respect to all other respondents involved. Please be advised 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 please contact Maura White, the staff member assigned to this matter, at 202-523-4057.

Sincerely,

Charles N. Steele
General Counsel

BY: _____
Kenneth A. Gross
Associate General Counsel

8304038016

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

D. Richard Geske, President
MediAmerica, Inc.
1900 N. Beauregard Street
Suite 12
Alexandria, Virginia 22311

Re: MUR 1360

Dear Mr. Geske:

On September 22, 1981, the Federal Election Commission determined that there is no reason to believe MediAmerica, Inc. violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended, in connection with a settlement entered between the Reagan for President Committee and MediAmerica, Inc. on October 29, 1980. Accordingly, the Commission will take no further action in regard to MediAmerica in this matter. If you wish to submit any materials to appear on the public record, please do so within ten days.

This matter will become part of the public record within 30 days after the file has been closed with respect to all other respondents involved. Please be advised 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 please contact Maura White, the staff member assigned to this matter, at 202-523-4057.

Sincerely,

Charles N. Steele
General Counsel

mw
9/29/81

BY: _____
Kenneth A. Gross
Associate General Counsel

8304038015

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 29, 1981

Tommy Thomas Chevrolet Co., Inc.
Box 490
705 West 15th Street
Panama City, Florida 32401

Re: MUR 1360

Dear Sir or Madam:

On September 22, 1981, the Federal Election Commission determined that there is reason to believe Tommy Thomas Chevrolet Co., Inc. violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution of $9,466.60 to the Reagan for President Committee. 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 within 15 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 Tommy Thomas Chevrolet Co., Inc., 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 conciliation prior to a finding of probable cause to believe if you so request in writing.

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. If you intend to be represented by counsel in this matter, please advise the Commission in writing by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive all notifications and other communications from the Commission.

8304081013

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 Maura White, 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

8304038102 1

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR 1360

RESPONDENT Tommy Thomas Chevrolet Co., Inc.

STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based on information obtained during the final post-primary audit of the Reagan for President Committee ("Committee"), the Audit Division referred this matter to the Office of General Counsel. Involved is an apparent corporate contribution from Tommy Thomas Chevrolet Co., Inc. to the Committee in violation of 2 U.S.C. § 441b(a).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441b(a) of Title 2, United States Code, prohibits any corporation from making any contribution or expenditure in connection with any election to federal office. The term "contribution" is defined at 2 U.S.C. § 431(8)(A) to include any gift, subscription, loan, advance, or deposit of money, or anything of value made by any person for the purpose of influencing any election to federal office.

Pursuant to section 114.10(a) of Commission Regulations, a corporation may extend credit to a candidate, political committee or other person in connection with a federal election, provided that the credit is extended in the ordinary course of

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the corporation's business and the terms are substantially similar to extensions of credit to nonpolitical debtors which are of similar risk and size of obligation.

A review of the documentation obtained by Audit indicates that on September 30, 1980, Tommy Thomas Chevrolet Co., Inc. submitted an invoice to the Committee in the amount of $9,466.60. The invoice states that the expenses were "paid by Tommy Thomas Chevrolet for the Reagan '80 Campaign." Documentation accompanying the invoice indicates that the expenses were incurred by Luther E. Thomas during the period of April 3, 1979, through August 26, 1980, and were for such costs as car rentals, hotels, telephones, airfare, and meals.

A review of reports filed by the Committee has revealed that the Committee reported a debt to Tommy Thomas, rather than to Tommy Thomas Chevrolet Co., Inc. The amount of the debt is reported as $9,466.60 and the date of the obligation is reported as September 30, 1980; the nature of the obligation is reported as "travel expense." The Committee reported an expenditure of $9,180.29 to Tommy Thomas on February 21, 1981, as reimbursement for travel expenses.

It is the view of the General Counsel that a contribution of $9,466.60 from Tommy Thomas Chevrolet Co., Inc. to the Committee existed as a result of the advance made to the

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Committee by Tommy Thomas Chevrolet Co., Inc. While Commission Regulations at 11 C.F.R. § 114.10 permit a corporation to extend credit to federal candidates and political committees, the Regulations require that the credit be extended in the ordinary course of the corporation's business in order for a contribution not to occur. It is the position of the General Counsel that the exemption is not applicable in this situation because the extension of credit by Tommy Thomas Chevrolet Co., Inc. to the Committee cannot be considered to be in the ordinary course of the corporation's business. The extension of credit by a corporation in the "ordinary course" of its business, necessarily implies that the credit results from the provision of goods or services by the corporation which is extending the credit. In the instant matter, Tommy Thomas Chevrolet Co., Inc. appears to have incurred expenses unrelated to its business on behalf of the Committee.

It is, therefore, the view of the General Counsel that there is reason to believe Tommy Thomas Chevrolet Co., Inc. violated 2 U.S.C. § 441b(a) by making an advance of $9,466.60 to the Committee.

Recommendation

1. Find reason to believe Tommy Thomas Chevrolet Co., Inc. violated 2 U.S.C. § 441b(a).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 29, 1981

Warren N. Porter
Route 2
Edgerton, Wisconsin 53534

Re: MUR 1360

Dear Mr. Porter:

On September 22, 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

John Warren McGarry
Chairman

Enclosures

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR 1360

RESPONDENT Warren N. Porter STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee, this matter was referred to the Office of General Counsel for a possible violation of 2 U.S.C. § 441a(a)(1)(A).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000.

Documentation obtained during the audit of the Reagan for President Committee revealed that Warren N. Porter made the following contributions to the committee:

Date of Contribution	Amount of Contribution
3-19-79	$ 100
8-07-79	$ 25
10-05-79	$1,000
10-26-79	$ 50
11-08-79	$1,000
11-19-79	$ 100
12-14-79	$ 100
1-03-80	$ 100
1-07-80	$ 100
2-19-80	$ 100
4-09-80	$ 100
4-15-80	$ 6

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A review of Reagan for President Committee records further revealed that Warren N. Porter received a $1,781 contribution refund on October 29, 1980.

As Warren N. Porter contributed $1,781 in excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that Warren N. Porter violated 2 U.S.C. § 441a(a)(1)(A).

Recommendation

Find reason to believe Warren N. Porter violated 2 U.S.C. § 441a(a)(1)(A).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 29, 1981

Albert B. Frowiss
Box 909
Rancho Sante Fe, California 92067

Re: MUR 1360

Dear Mr. Frowiss:

On September 22, 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

John Warren McGarry
Chairman

Enclosures

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR 1360

RESPONDENT Albert Frowiss STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee, this matter was referred to the Office of General Counsel for a possible violation of 2 U.S.C. § 44la(a)(1)(A).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 44la(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committee with respect to any election to federal office which in the aggregate exceed $1,000. Pursuant to 11 C.F.R. § 104.8(d) (former § 104.5(e)), a contribution which represents contributions by more than one person shall indicate on the written instrument, or on an accompanying written statement signed by all contributors, the amount to be attributed to each contributor.

Documentation obtained during the audit of the Reagan for President Committee revealed that Albert Frowiss made the following contributions to the committee:

Date of Contribution	Amount of Contribution
3-30-79	$1,000
4-01-79	$1,000
5-20-79	$ 150
9-06-79	$ 400
9-07-79	$ 600

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A review of Reagan for President Committee records further revealed that Albert Frowiss received a $150 contribution refund on December 7, 1980. Moreover, in response to a request for additional information sent to the Reagan for President Committee, the Committee reported, on May 27, 1980, the reapportionment of two contributions by Albert Frowiss, totalling $1,000, to Rosemarie Frowiss.

As Albert Frowiss contributed $2,150 excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that Albert Frowiss violated 2 U.S.C. § 44la(a)(1)(A).

Recommendation

Find reason to believe Albert Frowiss violated 2 U.S.C. § 44la(a)(1)(A).

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 29, 1981

Thomas W. Sefton
Box 1871
San Diego, California 92112

Re: MUR 1360

Dear Mr. Sefton:

On September 22, 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

John Warren McGarry
Chairman

Enclosures

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR 1360

RESPONDENT Thomas Sefton

STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee, this matter was referred to the Office of General Counsel for a possible violation of 2 U.S.C. § 441a(a)(1)(A).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000.

Documentation obtained during the audit of the Reagan for President Committee revealed that Thomas Sefton made the following contributions to the committee:

Date of Contribution	Amount of Contribution
4-09-79	$ 200
10-08-79	$1,000
7-25-80	$1,000

A review of Reagan for President Committee records further revealed that Thomas Sefton received a $700 contribution refund on December 18, 1980.

As Thomas Sefton contributed $1,200 in excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that Thomas Sefton violated 2 U.S.C. § 441a(a)(1)(A).

Recommendation

Find reason to believe Thomas Sefton violated 2 U.S.C. § 441a(a)(1)(A).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 29, 1981

Rudolph Bernatschke
222 East 62nd Street
New York, New York 10021

Re: MUR 1360

Dear Mr. Bernatschke:

On September 22, 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

John Warren McGarry
Chairman

Enclosures

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR 1360

RESPONDENT Rudolph Bernatschke STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee, this matter was referred to the Office of General Counsel for a possible violation of 2 U.S.C. § 441a(a)(1)(A).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committee with respect to any election to federal office which in the aggregate exceed $1,000. Pursuant to 11 C.F.R. § 104.8(d) (former § 104.5(e)), a contribution which represents contributions by more than one person shall indicate on the written instrument, or on an accompanying written statement signed by all contributors, the amount to be attributed to each contributor.

Documentation obtained during the audit of the Reagan for President Committee revealed that Rudolph Bernatschke made the following contributions to the committee:

Date of Contribution	Amount of Contribution
3-05-79	$1,000
11-06-79	$1,000
01-24-80	$ 50

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A review of Reagan for President Committee records further revealed that Rudolph Bernatschke received a $50 contribution refund from the Reagan for President Committee on December 17, 1980. Moreover, the Reagan for President Committee reported the reapportionment, of December 18, 1980, of a $1,000 contribution by Rudolph Bernatschke to Cathalene Bernatschke.

As Rudolph Bernatschke contributed $1,050 in excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that Rudolph Bernatschke violated 2 U.S.C. § 441a(a)(1)(A).

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Recommendation

Find reason to believe Rudolph Bernatschke violated 2 U.S.C. § 441a(a)(1)(A).

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 29, 1981

Thomas Trainer
952 N. Alpine Drive
Beverly Hills, California 90210

Re: MUR 1360

Dear Mr. Trainer:

On September 22, 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

John Warren McGarry

John Warren McGarry
Chairman

Enclosures

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR 1360

RESPONDENT Thomas Trainer

STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee, this matter was referred to the Office of General Counsel for a possible violation of 2 U.S.C. § 441a(a)(1)(A).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committee with respect to any election to federal office which in the aggregate exceed $1,000. Pursuant to 11 C.F.R. § 104.8(d) (former § 104.5(e)), a contribution which represents contributions by more than one person shall indicate on the written instrument, or on an accompanying written statement signed by all contributors, the amount to be attributed to each contributor.

Documentation obtained during the audit of the Reagan for President Committee revealed that Thomas Trainer made the following contributions to the committee:

Date of Contribution	Amount of Contribution
6-22-79	$1,000
9-27-79	$1,000
9-27-79	$1,000

In response to a request for additional information sent by the Commission, the Reagan for President Committee reported, on May 19, 1980, the reapportionment of certain contributions from Thomas Trainer, to other apparent family members.

As Thomas Trainer contributed $2,000 in excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that Thomas Trainer violated 2 U.S.C. § 44la(a)(1)(A).

Recommendation

Find reason to believe Thomas Trainer violated 2 U.S.C. § 44la(a)(1)(A).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 29, 1981

B.D. Gilbert
100 East 42nd Street
New York, New York 10017

Re: MUR 1360

Dear Mr. Gilbert:

On September 22, 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

John Warren McGarry
Chairman

Enclosures

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR 1360

RESPONDENT B.D. Gilbert STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee, this matter was referred to the Office of General Counsel for a possible violation of 2 U.S.C. § 441a(a)(1)(A).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000.

Documentation obtained during the audit of the Reagan for President Committee revealed that B.D. Gilbert made the following contributions to the committee:

Date of Contribution	Amount of Contribution
10-19-79	$1,000
11-08-79	$2,000

A review of Reagan for President Committee records further revealed that B.D. Gilbert received a $2,000 contribution refund on October 16, 1980.

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As B.D. Gilbert contributed $2,000 in excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that B.D. Gilbert violated 2 U.S.C. § 44la(a)(1)(A).

Recommendation

Find reason to believe B.D. Gilbert violated 2 U.S.C. § 44la(a)(1)(A).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 29, 1981

Peter Hon
30513 Rhone Drive
Rancho Palos VDS, California 90274

Re: MUR 1360

Dear Mr. Hon:

On September 22, 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

John Warren McGarry
Chairman

Enclosures

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR 1360

RESPONDENT Peter Hon STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee, this matter was referred to the Office of General Counsel for a possible violation of 2 U.S.C. § 441a(a)(1)(A).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000.

Documentation obtained during the audit of the Reagan for President Committee revealed that Peter Hon made the following contribution to the committee:

Date of Contribution	Amount of Contribution
10-03-79	$3,000

A review of Reagan for President Committee records further revealed that Peter Hon received a $2,000 contribution refund on April 29, 1981.

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As Peter Hon contributed $2,000 in excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that Peter Hon violated 2 U.S.C. § 441a(a)(1)(A).

Recommendation

Find reason to believe Peter Hon violated 2 U.S.C. § 441a(a)(1)(A).

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As Peter Hon contributed $2,000 in excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that Peter Hon violated 2 U.S.C. § 441a(a)(1)(A).

Recommendation

Find reason to believe Peter Hon violated 2 U.S.C. § 441a(a)(1)(A).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 29, 1981

Forrest C. Lattner
Box 837
Delray Beach, Florida 33444

Re: MUR 1360

Dear Mr. Lattner:

On September 22, 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

John Warren McGarry
Chairman

Enclosures

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR 1360

RESPONDENT Forrest C. Lattner STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee, this matter was referred to the Office of General Counsel for a possible violation of 2 U.S.C. § 441a(a)(1)(A).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000.

Documentation obtained during the audit of the Reagan for President Committee revealed that Forrest C. Lattner made the following contribution to the committee:

Date of Contribution	Amount of Contribution
5-24-79	$2,500

A review of Reagan for President Committee records further revealed that Forrest C. Lattner received a $1,500 and $500 contribution refund on May 12, 1980, and June 10, 1980, respectively.

As Forrest C. Lattner contributed $1,500 in excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that Forrest C. Lattner violated 2 U.S.C. § 441a(a)(1)(A).

Recommendation

Find reason to believe Forrest C. Lattner violated 2 U.S.C. § 441a(a)(1)(A).

8304038107

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 29, 1981

Raymond K. Cooper
8085 Shawnee Run Road
Cincinnati, Ohio 45243

Re: MUR 1360

Dear Mr. Cooper:

On September 22, 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

John Warren McGarry
Chairman

Enclosures

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR 1360

RESPONDENT Raymond Cooper

STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee, this matter was referred to the Office of General Counsel for a possible violation of 2 U.S.C. § 441a(a)(1)(A).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000.

Documentation obtained during the audit of the Reagan for President Committee revealed that Raymond Cooper made the following contributions to the committee:

Date of Contribution	Amount of Contribution
10-10-79	$1,000
(illegible)	$ 500
10-09-79	$ 500
11-12-79	$ 500

A review of Reagan for President Committee records further revealed that Raymond Cooper received a $500 contribution refund on April 29, 1981.

3304038105

As Raymond Cooper contributed $1,500 in excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that Raymond Cooper violated 2 U.S.C. § 441a(a)(1)(A).

Recommendation

Find reason to believe Raymond Cooper violated 2 U.S.C. § 441a(a)(1)(A).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 29, 1981

Mrs. E.F. Weekley
15 Valley Ridge
Forth Worth, Texas 76107

Re: MUR 1360

Dear Mrs. Weekley:

On September 22, 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

8304581063

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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

John Warren McGarry
Chairman

Enclosures

8304038103

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR 1360

RESPONDENT Mrs. B.F. Weekley STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee, this matter was referred to the Office of General Counsel for a possible violation of 2 U.S.C. § 441a(a)(1)(A).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000.

Documentation obtained during the audit of the Reagan for President Committee revealed that Mrs. B.F. Weekley made the following contributions to the committee:

Date of Contribution	Amount of Contribution
5-22-79	$ 750
8-06-79	$ 100
10-25-79	$ 500
11-19-79	$ 500
1-14-80	$ 500
2-22-80	$ 500
3-25-80	$ 750
4-01-80	$ 500

A review of Reagan for President Committee records further revealed that Mrs. B.F. Weekley received a $3,100 contribution refund on August 11, 1980.

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As Mrs. B.F. Weekley contributed $3,100 in excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that Mrs. B.F. Weekley violated 2 U.S.C. § 441a(a)(1)(A).

Recommendation

Find reason to believe Mrs. B.F. Weekley violated 2 U.S.C. § 441a(a)(1)(A).

3504581056

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 29, 1981

Michael Cross
910 North Green Bay Road
Lake Forest, Illinois 60045

Re: MUR 1360

Dear Mr. Cross:

On September 22, 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

3304081054

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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

John Warren McGarry

John Warren McGarry
Chairman

Enclosures

8304081057

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR 1360

RESPONDENT Michael Cross

STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee, this matter was referred to the Office of General Counsel for a possible violation of 2 U.S.C. § 441a(a)(1)(A).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000.

Documentation obtained during the audit of the Reagan for President Committee revealed that Michael Cross made the following contributions to the committee:

Date of Contribution	Amount of Contribution
10-25-79	$3,000
3-07-80	$500

A review of Reagan for President Committee records further revealed that Michael Cross received a $2,500 contribution refund on December 18, 1980. (While Michael Cross also contributed $250 to the Committee on December 7, 1979, the Committee refunded $250 to Mr. Cross that same day.)

As Michael Cross contributed $2,500 in excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that Michael Cross violated 2 U.S.C. § 441a(a)(1)(A).

Recommendation

Find reason to believe Michael Cross violated 2 U.S.C. § 441a(a)(1)(A).

83040381059

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 29, 1981

Hazel Bowerman
415 Burns Drive
Whittier Towers
Detroit, Michigan 48213

Re: MUR 1360

Dear Ms. Bowerman:

On September 22, 1981, the Federal Election Commission determined that there is reason to believe that you violated section 44la(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

8304581076

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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

John Warren McGarry
Chairman

Enclosures

8304043810371

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR 1360

RESPONDENT Hazel Bowerman STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee, this matter was referred to the Office of General Counsel for a possible violation of 2 U.S.C. § 441a(a)(1)(A).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000.

Documentation obtained during the audit of the Reagan for President Committee revealed that Hazel Bowerman made the following contributions to the committee:

Date of Contribution	Amount of Contribution
4-18-79	$ 250
2-21-80	$1,000
3-18-80	$ 250
4-09-80	$ 500
7-18-80	$ 50

A review of Reagan for President Committee records further revealed that Hazel Bowerman received a $1,050 contribution refund on August 25, 1980.

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As Hazel Bowerman contributed $1,050 in excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that Hazel Bowerman violated 2 U.S.C. § 441a(a)(1)(A).

Recommendation

Find reason to believe Hazel Bowerman violated 2 U.S.C. § 441a(a)(1)(A).

8304058107

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

William Manning
3337 Faircrest Drive
Anaheim, California 92804

September 29, 1981

Re: MUR 1360

Dear Mr. Manning:

On September 22 , 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

John Warren McGarry

John Warren McGarry
Chairman

Enclosures

8304038107

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR 1360

RESPONDENT William Manning STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee, this matter was referred to the Office of General Counsel for a possible violation of 2 U.S.C. § 441a(a)(1)(A).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000.

Documentation obtained during the audit of the Reagan for President Committee revealed that William Manning made the following contributions to the committee:

Date of Contribution	Amount of Contribution
8-23-79	$1,000
4-25-80	$ 400
4-25-80	$ 400
4-25-80	$ 400

A review of Reagan for President Committee records further revealed that William Manning received a $1,200 contribution refund on August 25, 1980.

3 3 0 4 0 6 1 0 7 6

As William Manning contributed $1,200 in excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that William Manning violated 2 U.S.C. § 441a(a)(1)(A).

Recommendation

Find reason to believe William Manning violated 2 U.S.C. § 441a(a)(1)(A).

3304081077

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 29, 1981

Edward DeLoreto
7333 E. Rio Flora Place
Downey, California 90241

Re: MUR 1360

Dear Mr. DeLoreto:

On September 22, 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

3340161075

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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

John Warren McGarry

John Warren McGarry
Chairman

Enclosures

3304038107

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR 1360

RESPONDENT Edward DeLoreto

STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee, this matter was referred to the Office of General Counsel for a possible violation of 2 U.S.C. § 441a(a)(1)(A).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committee with respect to any election to federal office which in the aggregate exceed $1,000. Pursuant to 11 C.F.R. § 104.8(d) (former § 104.5(e)), a contribution which represents contributions by more than one person shall indicate on the written instrument, or on an accompanying written statement signed by all contributors, the amount to be attributed to each contributor.

Documentation obtained during the audit of the Reagan for President Committee revealed that Edward DeLoreto made the following contributions to the committee:

Date of Contribution	Amount of Contribution
3-27-79	$ 250
5-23-79	$1,000
12-22-79	$1,000

In response to a request for additional information sent by the Commission, the Reagan for President Committee, on May 27, 1980, reported the reapportionment of Edward DeLoreto's contributions of $1,000 and $250 to Mrs. Jill DeLoreto and Mr. Eric DeLoreto, respectively.

As Edward DeLoreto contributed $1,250 in excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that Edward DeLoreto violated 2 U.S.C. § 44la(a)(1)(A).

Recommendation

Find reason to believe Edward DeLoreto violated 2 U.S.C. § 44la(a)(1)(A).

3304081031

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 29, 1981

Edward Weidenfeld
McKenna, Conner, and Cuneo
1575 Eye Street, N.W.
Washington, D.C. 20005

Re: MUR 1360

Dear Mr. Weidenfeld:

On September 22, 1981, the Federal Election Commission determined that there is reason to believe the Reagan for President Committee ("Committee") violated 2 U.S.C. § 441a(f), § 434(b)(8), and § 441b(a). The Commission further determined that there is no reason to believe the Committee violated 2 U.S.C. § 441b(a) in connection with settlements entered between the Committee and MediAmerica, Inc. on October 29, 1980, and the Committee and The C.T. Clyne Company on July 29, 1980. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Please be advised that the Commission also considered the issue of whether the Committee violated 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 104.3(d) and 104.11 by failing to report debts owed to MediAmerica, Inc. and The C.T. Clyne Company, and 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 114.10(c), 104.11, and 104.3(d) by failing to file debt settlement statements in regard to the settlement of debts owed to MediAmerica, Inc. and The C.T. Clyne Company. However, the Commission did not find that there is reason to believe the Committee violated the Act. Accordingly, the Commission will take no action against the Committee in these matters.

Under the Act, you have an opportunity to demonstrate that no action should be taken against your client. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter within 15 days of your receipt of this letter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your client, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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.

If you have any questions please contact Maura White, the staff member assigned to this matter, at 202-523-4057.

Sincerely,

John Warren McGarry

John Warren McGarry
Chairman

Enclosure
General Counsel's Factual and Legal Analysis

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR No. 1360

RESPONDENT Reagan for President Committee

STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee ("Committee"), the Audit Division referred this matter to the Office of General Counsel. Involved is the Committee's receipt of excessive contributions from individuals, receipt of a corporate contribution, and failure to report the correct identification of an entity to which an obligation is owed.

FACTUAL BASIS AND LEGAL ANALYSIS

A. Excessive Contributions from Individuals

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000. Section 441a(f) further prohibits any political committee from knowingly accepting any contribution in violation of the contribution limitations.

The term "contribution" is defined at 2 U.S.C. § 431(8)(A)(i) to include any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for federal office. Section 103.3(b)(1) of Commission Regulations provides that contributions which appear to be illegal shall within ten days, be either returned to the contributor or deposited into a campaign depository and reported. If desposited, the committee treasurer shall make and retain a written record noting the basis for the appearance of illegality. A statement noting that the legality of the contribution is in question should be included in the report. Moreover, the treasurer is required to make his or her best efforts to determine the legality of the contribution. Id.

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Pursuant to 11 C.F.R. § 103.3(b)(2), when a contribution cannot be determined to be legal, refunds shall be made within a reasonable time, and the treasurer shall note the refund by amending the current report or noting the change on the committee's next required report.

Pursuant to 11 C.F.R. § 104.8(d) (former § 104.5(e)), a contribution which represents contributions by more than one person shall indicate on the written instrument, or on an accompanying written statement signed by all contributors, the amount to be attributed to each contributor.

Based upon Audit's review of Committee records, the Committee's response to the interim audit report, and reports filed by the Committee to date, this matter involves the Committee's apparent receipt of excessive contributions from 259 individuals totalling $100,379.94. 1/ See Attachment 1.

While the Committee has reapportioned certain contributions and refunded other contributions, these apparent facts do not, in the General Counsel's view, vitiate a violation of the contribution limitations. At most, they are mitigating factors to be considered in any future action taken by the Commission in this matter. Therefore, the General Counsel recommends that the Commission find reason to believe the Committee violated 2 U.S.C. § 441a(f) by accepting $100,379.94 in excessive contributions from 259 individuals.

1/ In regard to the $100,379.94 in apparent excessive contributions, the Committee appears to have refunded contributions totalling $56,580.94, reapportioned contributions to other individuals totalling $40,374 and provided no response concerning $3,425 in excessive contributions. However, documentation was provided for only $50,178.44 of the $56,580.94 apparently refunded, and for $29,544 of the $40,374 apparently reapportioned. Moreover, of the documentation of refunds ($50,178.44) only $33,614.94 constituted full documentation, and of the documentation of reapportionments ($29,554) only $29,289 constituted full documentation.

Contributions for which the Committee subsequently reported a data error, or contributions intended for the compliance fund (and deposited into the fund), are not included in the amount of excessive contributions. Contributions which were subsequently refunded or reapportioned are included in the amount of excessive contributions, except where refunds were made within a month of the Committee's receipt of the contribution causing the excess. The average time computed for refunds made by the Committee to individuals is seven months after the Committee's receipt of a contribution in excess of the limitations.

B. Corporate Contribution

Section 441b(a) of Title 2, United States Code, prohibits any corporation from making any contribution or expenditure in connection with any election to federal office. Section 441b(a) further prohibits any candidate or political committee from knowingly accepting any contribution from a corporation in connection with a federal election. The term "contribution" is defined at 2 U.S.C. § 431(8)(A) to include any gift, subscription, loan, advance, or deposit of money, or anything of value made by any person for the purpose of influencing any election to federal office.

Pursuant to 11 C.F.R. § 114.10(a), a corporation may extend credit to a candidate, political committee, or other person in connection with a federal election, provided that the credit is extended in the ordinary course of the corporation's business and the terms are substantially similar to extensions of credit to nonpolitical debtors which are of similar risk and size of obligations.

Section 434(b)(8) of Title 2, United States Code, and 11 C.F.R. §§ 104.3(d) and 104.11(a) require a political committee to report the amount and nature of outstanding debts and obligations owed by or to the political committee.

During the post-primary audit follow-up work conducted in December, 1980, Audit noted several photocopies of corporate checks and other supporting documentation received by the Committee on October 1, 1980, from Tommy Thomas Chevrolet Co., Inc. The documentation indicates that the expenditures were incurred by Luthur E. Thomas and paid for by Tommy Thomas Chevrolet Co., Inc. 2/

A review of the documentation obtained by Audit indicates that on September 30, 1980, Tommy Thomas Chevrolet Co., Inc. submitted an invoice to the Committee in the amount of $9,466.60. The invoice states that the expenses were "paid by Tommy Thomas Chevrolet for the Reagan '80 Campaign." Documentation accompanying the invoice indicates that the expenses were incurred during the period of April 3, 1979, through August 26, 1980, and were for such costs as car rentals, hotels, telephones, and meals.

2/ Luthur Thomas appears to have been the Reagan for President Executive Director for the Florida Region. It further appears that Tommy Thomas and Luther Thomas are the same individual.

A review of reports filed by the Committee has revealed that the Committee reported a debt to Tommy Thomas, rather than to Tommy Thomas Chevrolet Co., Inc. on three filings. 3/ The amount of the debt is reported as $9,466.60 and the date of the obligation is reported as September 30, 1980; the nature of the obligation is reported as "travel expense." The April 15, 1981, quarterly report of the Committee reported an expenditure of $9,180.29 to Tommy Thomas on February 21, 1981, as reimbursement for travel expenses. 4/

It is the view of the General Counsel that a contribution of $9,466.60 from Tommy Thomas Chevrolet Co., Inc. to the Committee existed as a result of the advance made to the Committee by Tommy Thomas Chevrolet Co., Inc. While Commission Regulations at 11 C.F.R. § 114.10 permit a corporation to extend credit to federal candidates and political committees, the Regulations require that the credit be extended in the ordinary course of the corporation's business in order for a contribution not to occur. It is the position of the General Counsel that the exemption is not applicable in this situation because the extension of credit by Tommy Thomas Chevrolet Co., Inc. to the Committee cannot be considered to be in the ordinary course of the corporation's business. The extension of credit by a corporation in the "ordinary course" of its business, necessarily implies that the credit results from the provision of goods or services by the corporation which is extending the credit. In the instant matter, Tommy Thomas Chevrolet Co., Inc. appears to have incurred expenses unrelated to its business on behalf of the Committee. It is, therefore, the view of the General Counsel that there is reason to believe the Committee violated 2 U.S.C. § 441b(a) by accepting an advance of $9,466.60 from Tommy Thomas Chevrolet Co., Inc.

C. Reporting of Debts and Obligations in Regard to Tommy Thomas Chevrolet Co., Inc.

Section 434(b)(8) of Title 2, United States Code, requires a political committee to report the amount and nature of outstanding debts and obligations owed by or to the committee. The "nature" of the obligation includes the indentification of the person or entity to whom the obligation is owed. See Schedule C-P, FEC Form 3P.

3/ The Committee reported a debt to Tommy Thomas on the 10 day pre-general election report, the 30 day post-general election report, and the 1980 Year-End Report.

4/ The April 15, 1981, quarterly filing of the Committee reports, at the close of the reporting period, no outstanding debts owed by the Committee. Thus, there is an unexplained discrepancy of $286.31.

As discussed earlier, the Committee reported an obligation to the individual Tommy Thomas, rather than to Tommy Thomas Chevrolet Co., Inc. As the invoice to the Committee from the corporation expressly stated that the expenses were paid by the corporation, and the supporting documentation provided to the Committee with the invoice substantiates such payment, it is the position of the General Counsel that the Committee violated 2 U.S.C. § 434(b)(8) by failing to report the correct identification of the entity to whom the obligation was owed. Therefore, the General Counsel recommends that the Commission find reason to believe the Committee violated 2 U.S.C. § 434(b)(8).

General Counsel's Recommendations

1. Find reason to believe the Reagan for President Committee violated 2 U.S.C. § 441a(f).

2. Find reason to believe the Reagan for President Committee violated 2 U.S.C. § 441b(a) in regard to an advance from Tommy Thomas Chevrolet Co., Inc.

3. Find reason to believe the Reagan for President Committee violated 2 U.S.C. § 434(b)(8) in regard to the reporting of an obligation to Tommy Thomas Chevrolet Co., Inc.

4. Find no reason to believe the Reagan for President Committee violated 2 U.S.C. § 441b(a) in regard to the transactions involving MediAmerica, Inc. and The C.T. Clyne Company dated October 29, 1980, and July 29, 1980, respectively.

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ATTACHMENT 1

Individuals who contributed to the Reagan for President Committee in excess of $1,000

NAME AND AMOUNT CONTRIBUTED	REFUND	REAPPORTIONMENT	NO RESPONS
1. Josephine Abercrombie $1,150	$150		
2. Thomas B. Adam $1,075	75		
3. Marilyn C. Allen $2,000	1,000		
4. Bessie Ansley $1,005	5		
5. Oscar Austad $1,075	75		
6. W.R. Bailard $1,325	325		
7. Glennwood Ballinger $1,499.94	499.94		
8. Joyce Bearss $1,100			$100
9. Rudolph Bernatschke $2,050	50	$1,000	
10. Donald W. Berry $1,250	250		
11. D.J. Biller $1,100	100		
12. Penelope Blair $2,000		1,000	
13. Cleve B. Bonner $1,075	50	25	
14. Hazel Bowerman $2,050	1,050		
15. Emily Boxley $1,200	200		
16. J. Allen Bray $1,250	250		
17. Samuel Bretzfield $1,100	100		
18. Russell Britton $1,125	125		
19. H.L. Brooks $1,200	200		
20. Mildred Brown $1,050	50		
21. Howard Butcher, III $2,000	1,000		
22. Mildred Butler $1,215	215		
23. Bill J. Bynum $1,325	325		
24. John P. Cadagan $2,000	1,000		
25. John R. Cahill $2,000	500	500	
26. John Campbell $1,250	250		
27. Richard W. Candland $1,025	25		
28. Harrison Chandler $1,100	100		
29. Louise B. Clark $2,000	1,000		
30. C. Terence Clyne $1,500	500		
31. Clair Cook $1,250	250		
32. Ralph Cornell $1,500	500		
33. Roscoe Cowper $1,150	150		
34. Frank Critelli $1,100	100		
35. Vincent Cullinan $1,100	100		
36. Howard Dagley $1,350	350		
37. John Daidone $1,250	250		
38. Peter Dailey $1,100	100		
39. Poncent Davis, Jr. $1,500	500		
40. James T. Delaney $1,250	150	100	
41. C.R.W. DeSilva $1,050	50		
42. Dennis Devine $2,000	1,000		
43. Manuel Diaz $1,050	50		
44. H.W. Dodge, Jr. $2,000	1,000		
45. John Doremus $1,010	10		

NAME AND AMOUNT CONTRIBUTED	REFUND	REAPPORTIONMENT	NO RESPONSE
46. Jean C. Dougherty $1,800		$800	
47. Jonathan Dugan $1,020	$20		
48. George Duncan $1,200	200		
49. Barbara Eade $1,050	50		
50. Beatrice Eckrich $1,100	100		
51. Lucy E. Edmondson $1,375	375		
52. Adrienne Edmonston $1,032.50	32.50		
53. J. David Eller $1,025	25		
54. Robert Emett $1,500	500		
55. Arthur Engel $1,650		650	
56. Ralph W. Eylar $1,225	225		
57. Charles Farrell $1,275	275		
58. John C. Folger $1,300	300		
59. Alfred Gagnon $1,100	100		
60. Catherine Gamage $1,150	150		
61. Edward Garbini $2,000		1,000	
62. Donald Geary $1,175	175		
63. Dan Gerber $1,300	300		
64. Frank Gerosa $1,250	250		
65. Gordon Geity $2,000	1,000		
66. Claude Gortatowsky $1,350	350		
67. Kenneth Gorman $1,150	150		
68. Elliott Gottfurcht $1,250			$250
69. Robert K. Graham $1,900	900		
70. Irene A. Grant $2,000	1,000		
71. C.H. Grayson $1,250	250		
72. Z. Wayne Griffin $2,000	1,000		
73. Roy Guffey $1,650	550		100
74. Gertrude Guild $1,200	200		
75. Lillian M. Gustafson $1,200	200		
76. Warren Haas $1,200	200		
77. Michael T. Halbouty $1,050	50		
78. W.B. Hamilton $1,050	50		
79. B.K. Hargis $1,200	200		
80. Helen E. Hatcher $1,750	750		
81. L.A. Harvey $2,000	1,000		
82. Mable M. Hay $1,050	50		
83. B.R. Hazard $1,600		600	
84. Donald W. Hedges $1,250	250		
85. Robert Henneberger $1,340	340		
86. M.W. Henrie $1,100	100		
87. Arthur Hercz $1,400	135	165	100
88. Sarah T. Hermann $1,100	100		
89. Herbert T. Hill $1,350		250	100
90. Barron Hilton $1,750	750		
91. Ernest G. Holtze $1,200	200		
92. Essa T. Hoover $1,205	205		
93. W.H. Hyde $1275	275		
94. Carl Karcher $1,200	200		

NAME AND AMOUNT CONTRIBUTED	REFUND	REAPPORTIONMENT	NO RESPONSE
95. King Karpen $1,850	$350	$500	
96. Smig Katayama $1,200	200		
97. Dwight Kendall $1,035	35		
98. Marie E. Kennedy $1,800	800		
99. Helen K. Kelley $1,150	150		
100. James Kemper $1,250	250		
101. Thelma N. Kieckhefer $1,250	250		
102. Wayne W. Killion $1,100	100		
103. Johanna Knowlton $1,200	200		
104. Laurella Kobusch $1,120	120		
105. Anne Kurzet $1,025			$25
106. B.F. Lamb $1,500	210	290	
107. Michael Lamoregese, Jr.	250		
108. Ruth Lang $1,490	490		
109. Emily Larkin $1,165	165		
110. Helen O. Laurer $1,125	125		
111. John T. Lennon $2,000	1,000		
112. O.B. Lewis $1,250	250		
113. Helen C. Lincoln $1,350	350		
114. Harry Lucas, Jr. $1,050	50		
115. Angus McDonald $1,500	500		
116. R. W. Mac Dougall $1,020	20		
117. William Manning $2,200	1,200		
118. Jane T. Martin $2,000		1,000	
119. Lois K. Mayer $1,250	250		
120. David Maytag $1,050	50		
121. Anne Mazzella $1,500	500		
122. Helen T. McCann $1,150	150		
123. Barbara McCormick $1,300	300		
124. M.J. McCormick $1,200	200		
125. E. McElvaney, Jr. $2,000		900	100
126. Fanny H. McKenzie $1,500	500		
127. Avery McMillian $2,000	1,000		
128. Wilson McNary $1,250	250		
129. John E. Meehan $2,000			1,000
130. George Mehl $1,100	100		
131. Lester J. Mekelburg $1,131	131		
132. Albert U. Metzger $1,075	75		
133. Mary S. Miller $1,250	250		
134. Dorothy Mitchell $1,100	100		
135. Roy P. Moeller $1,065	65		
136. Jim Moore $2,000		1,000	
137. Glenn Morris $1,050	50		
138. Eleanor Morrisey $1,080	80		
139. Elaine Moseley $1,125	125		
140. Isabel Mott $1,500	500		
141. Gene Mulvihill $2,000		1,000	
142. David Murdock $2,000		1,000	
143. Catherine Murphy $1,250		250	

NAME AND AMOUNT CONTRIBUTED	REFUND	REAPPORTIONMENT	NO RESPONSE
144. Warren Musser $1,500	$500		
145. Grace V. Naylor $1,772.50	747.50	$25	
146. Maude Nichols $1,500	500		
147. Don W. Noren $1,050	50		
148. Frances O'Brien $1,270	270		
149. Mary O'Brien $1,550	550		
150. E.B. Ogden, Jr. $1,200	200		
151. S. Wayne O'Keefe $1,500	500		
152. Norbert Olberz $1,050	50		
153. Jack Overstreet $1,005	5		
154. Armand Palmisano $1,150	150		
155. Kathleen Parriott $1,250	250		
156. Charles Payson $2,000	500		$500
157. M.W. Pegram $1,100	100		
158. James Person $1,210	210		
159. Gwen Pettit $1,575	325	250	
160. James H. Pullman, Sr. $1,375	325		50
161. Linda Radovan $1,225	225		
162. Laura K. Read $1,100	100		
163. James A. Reed $1,150	150		
164. Brooke Reeve, Jr. $1,200	200		
165. Stephen Rega $1,050	50		
166. Hargey T. Reid $1,050	50		
167. Mathilda Reisenhus $1,025	25		
168. Lois T. Rieger $1,305	305		
169. Bruce G. Robert $1,100	100		
170. Esther Roberts $1,850	850		
171. John L. Roper, II $1,750		750	
172. Elizabeth Rospigliosi $1,250	250		
173. Elmer Rubac $1,100	100		
174. William Rutherford $1,100	100		
175. Winfield Schuster $1,250	250		
176. C. Scott Parker $1,160	160		
177. Thomas Sefton $2,200	700		500
178. Richard Shaheen $1,500			500
179. Bula Somms $1,135	135		
180. Colin J. Smith $1,100	100		
181. Harriette Smith $1,125	125		
182. O. Telfair Smith $1,875	375	500	
183. Murray Smitheram $1,600	250	250	100
184. P.E. Spalding $1,100	100		
185. Pearl Spear $1,300	300		
186. William Spencer $1,750	250	500	
187. Mary Jane Straka $1,500	500		
188. F.B. Streator $1,150	150		
189. Joseph Sullivan $1,500	500		
190. R. Dana Sullivan $1,200	200		
191. Carl Sweeney, Jr. $1,100	100		
192. Joyce Tannehill $1,100	100		
193. Sarkes Tarzian $1,300	300		
194. Dora Tester $1,300	300		
195. Edith Trea $1,085	85		
196. Gary Triano $1,200	200		

NAME AND AMOUNT CONTRIBUTED	REFUND	REAPPORTIONMENT	NO RESPONSE
197. Edith Vadeboncoeur $1,100	$100		
198. Carlos Vega $1,500	500		
199. Marian Vetrano $1,050	50		
200. Lois Wallace $1,010	10		
201. Minna Wallis $1,025	25		
202. Laurie Waring $1,350	350		
203. David W. Warner $1,250		$250	
204. Florence Wasmer $1,250	250		
205. Richard Waugh $1,050	50		
206. Leland Whittier $2,000	1,000		
207. N. Paul Whittier $2,000	1,000		
208. C.H. Wilkins $1,500		500	
209. S.I. Williams $1,225	225		
210. Betty Wilkinson $1,100	100		
211. Edward Woods $1,495		495	
212. K.T. Wright $1,250	250		
213. Kyle Trout, Jr. $1,200	200		
214. Laurence Beilenson $1,300		300	
215. C.J. Berst $2,000		1,000	
216. Karl Boeckmann $1,500		500	
217. Janine Boehm $1,400		400	
218. John E. Chance $1,300		300	
219. John H. Chance $1,300		300	
220. William Cowling $1,300		300	
221. Theodore Danforth $2,000		1,000	
222. E. Peter Erland $2,000		1,000	
223. Andrew Friedman $1,500		500	
224. George Glover $1,050		50	
225. Frank L. Gofrank $2,000		1,000	
226. Robert Hanagan $1,500		500	
227. Bette Hervey $1,205		205	
228. William Howlett $1,300		300	
229. Floy Hunter $1,500		500	
230. Arthur Koski $2,000		1,000	
231. W.T. Kelly, Jr. $2,000		1,000	
232. Ronald Mattison $1,350		350	
233. Dennis Metzler $2,000		1,000	
234. Joann Minshall $1,350		350	
235. Joseph A. Moore $1,250		250	
236. John A. Morris $1,250		250	
237. Tom Moyer $1,500		500	
238. Leo Newcombe $1,200		200	
239. P.M. Ochs $2,000		1,000	
240. William Panny $1,250		250	
241. Katerine Pardee $1,400		400	
242. Stephen Peck $2,000		1,000	
243. W.W. Rapley $1,350		350	
244. V. Earl Roberts $1,150		150	
245. J. Marshall Robbins $2,000		1,000	
246. Carlos Salman $1,250		250	
247. Charles Sanford $1,900		900	
248. Anthony Sharp $2,000		1,000	

NAME AND AMOUNT CONTRIBUTED	REFUND	REAPPORTIONMENT	NO RESPONSE
249. T.G. Singlehurst $1,600		$600	
250. E.A. Smith, Jr. $1,750		750	
251. R.E. Straith $1,500		500	
252. W. Clement Stone $2,000		1,000	
253. Dorothy Symons $1,064		64	
254. Paul Talbert $1,750		750	
255. Kenneth Taylor $1,500		500	
256. Don Vannerson $1,555		555	
257. Louis Weil, Jr. $1,500		500	
258. Peter Weisel $1,250		250	
259. Arthur Keiselback $1,250	$250		
TOTAL: $100,379.94	$56,580.94	$40,374	$3,425

8304038109

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Tommy Thomas Chevrolet Co., Inc.
Box 490
705 West 15th Street
Panama City, Florida 32401

Re: MUR 1360

Dear Sir or Madam:

On , 1981, the Federal Election Commission determined that there is reason to believe Tommy Thomas Chevrolet Co., Inc. violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution of $9,466.60 to the Reagan for President Committee. 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 within 15 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 Tommy Thomas Chevrolet Co., Inc., 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 conciliation prior to a finding of probable cause to believe if you so request in writing.

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. If you intend to be represented by counsel in this matter, please advise the Commission in writing by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive all notifications and other communications from the Commission.

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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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

MW 9/24/81

Enclosures
General Counsel's Factual and Legal Analysis
Procedures

3304081095

8304038107

Warren K. Porter
Route 2
Edgerton, Wisconsin 53534

Re: MUR 1300

Dear Mr. Porter:

On , 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

Enclosures

MW 9/24/81

9304081095

3040810026

Albert E. Frowiss
Box 909
Rancho Sante Fe, California 92067

Re: MUR 1360

Dear Mr. Frowiss:

On , 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

mw
9/24/81

Enclosures

3304038100

93040681101

Thomas W. Selton
Box 1871
San Diego, California 92112

Re: MUR 1360

Dear Mr. Selton:

On , 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

MW 9/24/81

Enclosures

3304038103

Rudolph Bernatschke
222 East 62nd Street
New York, New York 10021

Re: MUR 1560

Dear Mr. Bernatschke:

On , 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

Enclosures

MW 9/24/81

8304040811 0

Thomas Trainer
952 N. Alpine Drive
Beverly Hills, California 90210

Re: MUR 1360

Dear Mr. Trainer:

On , 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

MW 9/24/81

Enclosures

8304030811 2

3304081107

B.B. Gilbert
100 East 42nd Street
New York, New York 10017

Re: MUR 1360

Dear Mr. Gilbert:

On , 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

mw 9/24/81

Enclosures

8304030110

8304081106

Peter Kon
30513 Rhone Drive
Rancho Palos VDS, California 90274

Re: MUR 1360

Dear Mr. Kon:

On , 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

Enclosures

mw
9/24/81

3504811C

Forrest C. Lattner
Box 837
Delray Beach, Florida 33444

Re: MUR 1360

Dear Mr. Lattner:

On , 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

MW
9/24/81

Enclosures

3304081112

Raymond K. Cooper
8085 Shawnee Run Road
Cincinnati, Ohio 45243

Re: MUR 1360

Dear Mr. Cooper:

On , 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(a).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

MW
9/24/81

Enclosures

3504058111

Mrs. L.F. Weekley
15 Valley Ridge
Forth Worth, Texas 76107

Re: MUR 1360

Dear Mrs. Weekley:

On , 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

mw
9/24/81

Enclosures

3040381115

Michael Cross
918 North Green Bay Road
Lake Forest, Illinois 60045

Re: MUR 1360

Dear Mr. Cross:

On , 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. The General Counsel's factual and legal analysis, which forms 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

mw
9/24/81

Enclosures

8304038115

8304038115

Hazel Bowerman
415 Burns Drive
Whittier Towers
Detroit, Michigan 48213

Re: MUR 1300

Dear Ms. Bowerman:

On , 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

Enclosures

MW
9/24/81

8204081 2

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

William Manning
3337 Faircrest Drive
Anaheim, California 92804

Re: MUR 1360

Dear Mr. Manning:

On September 22 , 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

MW 9/24/81

Enclosures

33040581122

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Edward DeLoreto
7333 E. Rio Flora Place
Downey, California 90241

Re: MUR 1360

Dear Mr. DeLoreto:

On September 22, 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

MW
9/24/81

Enclosures

3304038124

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Edward Weidenfeld
McKenna, Conner, and Cuneo
1575 Eye Street, N.W.
Washington, D.C. 20005

Re: MUR 1360

Dear Mr. Weidenfeld:

On September 22, 1981, the Federal Election Commission determined that there is reason to believe the Reagan for President Committee ("Committee") violated 2 U.S.C. § 441a(f), § 434(b)(8), and § 441b(a). The Commission further determined that there is no reason to believe the Committee violated 2 U.S.C. § 441b(a) in connection with settlements entered between the Committee and MediAmerica, Inc. on October 29, 1980, and the Committee and The C.T. Clyne Company on July 29, 1980. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Please be advised that the Commission also considered the issue of whether the Committee violated 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 104.3(d) and 104.11 by failing to report debts owed to MediAmerica, Inc. and The C.T. Clyne Company, and 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 114.10(c), 104.11, and 104.3(d) by failing to file debt settlement statements in regard to the settlement of debts owed to MediAmerica, Inc. and The C.T. Clyne Company. However, the Commission did not find that there is reason to believe the Committee violated the Act. Accordingly, the Commission will take no action against the Committee in these matters.

Under the Act, you have an opportunity to demonstrate that no action should be taken against your client. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter within 15 days of your receipt of this letter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your client, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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.

If you have any questions please contact Maura White, the staff member assigned to this matter, at 202-523-4057.

Sincerely,

mw
9/28/81

Enclosure
General Counsel's Factual and Legal Analysis

8204081126

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Reagan for President Committee,) MUR 1360
et al.)

CERTIFICATION

I, Marjorie W. Emmons, Recording Secretary for the Federal Election Commission's Executive Session on September 22, 1981, do hereby certify that the Commission took the following actions in MUR 1360:

1. Decided by a vote of 5-0 to find reason to believe the Reagan for President Committee violated 2 U.S.C. §441a(f).

   Commissioners Aikens, McGarry, Reiche, Thomson, and Tiernan voted affirmatively for the decision; Commissioner Harris was not present.

2. Decided by a vote of 4-1 to find reason to believe the following individuals violated 2 U.S.C. §441a(a)(1)(A):

   a. Hazel Bowerman
   b. Raymond Cooper
   c. Michael F. Cross
   d. Edward DeLoreto
   e. Albert B. Frowiss
   f. B. D. Gilbert
   g. Peter Hon
   h. Forrest C. Lattner
   i. William Manning
   j. Warren N. Porter
   k. Thomas Sefton
   l. Mrs. B. F. Weekley
   m. Thomas Trainer
   n. Rudolph Bernatschke

   Commissioners Aikens, Reiche, Thomson, and Tiernan voted affirmatively for the decision; Commissioner McGarry dissented. Commissioner Harris was not present.

Continued

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3. Failed on a vote of 2-3 to pass a motion to find reason to believe the Reagan for President Committee violated 11 C.F.R. §104.3(d) and §104.11, and 2 U.S.C. §434(b)(8) in regard to the reporting of obligations to MediAmerica and The C. T. Clyne Company.

   Commissioners Reiche and Tiernan voted affirmatively; Commissioners Aikens, McGarry, and Thomson dissented. Commissioner Harris was not present.

4. Failed by a vote of 1-4 to pass a motion to find reason to believe the Reagan for President Committee violated 2 U.S.C. §434(b)(8) and 11 C.F.R. §§114.10(c), 104.11, and 104.3(d) in regard to the filing of debt settlement statements concerning MediAmerica and The C. T. Clyne Company.

   Commissioner Tiernan voted affirmatively; Commissioners Aikens, McGarry, Reiche, and Thomson dissented. Commissioner Harris was not present.

5. Decided by a vote of 5-0 to find no reason to believe the Reagan for President Committee, MediAmerica, or The C. T. Clyne Company violated 2 U.S.C. §441b(a) in regard to the settlement of corporate debts.

   Commissioners Aikens, McGarry, Reiche, Thomson, and Tiernan voted affirmatively.

6. Decided by a vote of 5-0 to take the following actions:

   a) Find reason to believe the Reagan for President Committee violated 2 U.S.C. §441b(a) in regard to its acceptance of an advance from Tommy Thomas Chevrolet Co., Inc.

   b) Find reason to believe Tommy Thomas Chevrolet Co., Inc. violated 2 U.S.C. §441b(a).

   c) Find reason to believe the Reagan for President Committee violated 2 U.S.C. §434(b)(8) in regard to the reporting of an obligation to Tommy Thomas Chevrolet Co., Inc.

   Commissioners Aikens, McGarry, Reiche, Thomson, and Tiernan voted affirmatively.

Continued

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7. Decided by a vote of 5-0 to direct the Office of General Counsel to send appropriate letters with respect to the actions noted above.

Commissioners Aikens, McGarry, Reiche, Thomson and Tiernan voted affirmatively.

Attest:

9/23/81

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

8304038112 9

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS /JODY CUSTER JC
OFFICE OF THE SECRETARY TO THE COMMISSION

DATE: SEPTEMBER 17, 1981

SUBJECT: ADDITIONAL OBJECTION - MUR 1360 First General Counsel's Report dated September 14, 1981; Received in OCS, 9-14-81, 12:01

You were notified previously of an objection by Commissioner Thomson.

Commissioner McGarry submitted an additional objection at 3:37, September 16, 1981.

This matter will be discussed in executive session on Tuesday, September 22, 1981.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS/JODY CUSTER JC

DATE: SEPTEMBER 17, 1981

SUBJECT: OBJECTION - MUR 1360 First General Counsel's Report dated September 14, 1981; Received in OCS, 9-14-81, 12:01

The above-named document was circulated on a 48 hour vote basis at 4:00, September 14, 1981.

Commissioner Thomson submitted an objection at 3:31, September 16, 1981.

This matter will be placed on the Executive Session Agenda for Tuesday, September 22, 1981.

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September 14, 1981

MEMORANDUM TO: Marjorie W. Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 1360

Please have the attached First GC Report distributed to the Commission on a 48 hour tally basis. Thank you.

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FEDERAL ELECTION COMMISSION

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL
BY OGC TO THE COMMISSION 9-14-81

MUR # 1360
STAFF: Maura White

81 SEP 14 P12:01

SENSITIVE

SOURCE OF MUR: INTERNALLY GENERATED

RESPONDENT'S NAME: Reagan for President Committee; Hazel Bowerman; Raymond Cooper; Michael Cross; Edward DeLoreto; Albert Frowiss; B.D. Gilbert; Peter Hon; Forrest Lattner; William Manning; Warren Porter; Thomas Sefton; Mrs. B.F. Weekley; Thomas Trainer; Rudolph Bernatschke; MediAmerica, Inc., The C.T. Clyne Company; Tommy Thomas Chevrolet Co., Inc.

RELEVANT STATUTE: 2 U.S.C. §§ 441a(f), 441a(a)(1)(A), 434(b)(8), 441b(a)
11 C.F.R. §§ 104.3(d), 104.11, 114.10(c)

INTERNAL REPORTS CHECKED: Public records

FEDERAL AGENCIES CHECKED: None

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SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee ("Committee"), the Audit Division referred this matter to the Office of General Counsel (Attachment 1) 1/. Involved is the Committee's receipt of excessive contributions from individuals, failure to report outstanding debts and obligations, failure to file two debt settlement statements, receipt of a corporate contribution, and failure to report the correct identification of an entity to which an obligation is owed. Also involved is the making of excessive contributions to the Committee by individuals.

1/ The audit covered the period of January 1, 1980, through July 31, 1980.

FACTUAL BASIS AND LEGAL ANALYSIS

A. Excessive Contributions from Individuals

Section 44la(a)(l)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000. Section 44la(f) further prohibits any political committee from knowingly accepting any contribution in violation of the contribution limitations.

The term "contribution" is defined at 2 U.S.C. § 431(8)(A)(i) to include any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for federal office.

Section 103.3(b)(l) of Commission Regulations provides that contributions which appear to be illegal shall within 10 days, be either returned to the contributor or deposited into a campaign depository and reported. If deposited, the committee treasurer shall make and retain a written record noting the basis for the appearance of illegality. A statement noting that the legality of the contribution is in question should be included in the report. Moreover, the treasurer is required to make his or her best efforts to determine the legality of the contribution. Id. Pursuant to 11 C.F.R. § 103.3(b)(2), when a contribution cannot be

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determined to be legal, refunds shall be made within a reasonable time, and the treasurer shall note the refund by amending the current report or noting the change on the committee's next required report.

Pursuant to 11 C.F.R. § 104.8(d) (former § 104.5(e)), a contribution which represents contributions by more than one person shall indicate on the written instrument, or on an accompanying written statement signed by all contributors, the amount to be attributed to each contributor.

Based upon Audit's review of Committee records, the Committee's response to the interim audit report, and reports filed by the Committee to date, this matter involves the Committee's apparent receipt of excessive contributions from 259 individuals totalling $100,379.94 (Attachment 2). 2/ Contributions from

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2/ In regard to the $100,379.94 in apparent excessive contributions, the Committee appears to have refunded contributions totalling $56,580.94, reapportioned contributions to other individuals totalling $40,374 and provided no response concerning $3,425 in excessive contributions. However, documentation was provided for only $50,178.44 of the $56,580.94 apparently refunded, and for $29,544 of the $40,374 apparently reapportioned. Moreover, of the documentation of refunds ($50,178.44) only $33,614.94 constituted full documentation, and of the documentation of reapportionments ($29,554) only $29,289 constituted full documentation.

In addition to the amount of excessive contributions received by the Committee in this matter, MURs 1142 and 1255 also involve the Committee's receipt of other excessive contributions noted in the interim audit report.

Contributions for which the Committee subsequently reported a data error, or contributions intended for the compliance fund (and deposited into the fund), are not included in the amount of excessive contributions. Contributions which were subsequently refunded or reapportioned are included in the amount of excessive contributions, except where refunds were made within a month of the Committee's receipt of the contribution causing the excess. The average time computed for refunds made by the Committee to individuals is seven months after the Committee's receipt of a contribution in excess of the limitations.

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four of the 259 individuals are in excess of $2,000. 3/ Another 12 individuals also contributed in excess of $2,000 to the Committee. 4/ See Attachment 3. However, based upon reported refunds to the estates of two of the twelve individuals, Elizabeth Gartman and L. B. Whittlesey, it appears that both individuals have died since contributing $2,775 and $2,100, respectively to the Committee. In view of this consideration, the General Counsel recommends that the Commission take no action against Elizabeth Gartman and L. B. Whittlesey.

While the Committee has reapportioned certain contributions and refunded other contributions, these apparent facts do not, in the General Counsel's view, vitiate a violation of the contribution limitations. At most, they are mitigating factors to be considered in any future action taken by the Commission in this matter. As each of the 14 individuals contributed a substantial amount to the Committee in excess of the contribution limitations, the General Counsel recommends that the Commission find reason to believe each of the 14 persons violated 2 U.S.C. § 44la(a)(1)(A). The General Counsel

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3/ Thirty-six of the remaining 255 individuals made contributions of exactly $2,000, and 219 individuals contributed between $1,001 and $1,999.

4/ While the Committee's receipt of excessive contributions from these 12 individuals has been included in MURs 1142 and 1255, MURs 1142 and 1255 contained no recommendations in regard to these individuals. Accordingly, this MUR will include recommendations in regard to the 12 individuals.

also recommends that the Commission find reason to believe the Reagan for President Committee violated 2 U.S.C. § 441a(f) by accepting $100,379.94 in excessive contributions from 259 individuals.

B. Corporate Contributions and the Settlement and Reporting of Corporate Debts

Section 441b(a) of Title 2, United States Code, prohibits any corporation from making any contribution or expenditure in connection with any election to federal office. Section 441b(a) further prohibits any candidate or political committee from knowingly accepting any contribution from a corporation in connection with a federal election. The term "contribution" is defined at 2 U.S.C. § 431(8)(A) to include any gift, subscription, loan, advance, or deposit of money, or anything of value made by any person for the purpose of influencing any election to federal office.

The term "contribution" is further defined at 11 C.F.R. § 100.7(a)(4) 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 the debt. Additionally, a debt owed by a political committee which is forgiven or settled for less than the amount owed is a contribution unless the debt is settled in accordance with the standards set forth at 11 C.F.R. § 114.10. Id.

Pursuant to 11 C.F.R. § 114.10(a), a corporation may extend credit to a candidate, political committee or other person in

connection with a federal election, provided that the credit is extended in the ordinary course of the corporation's business and the terms are substantially similar to extensions of credit to nonpolitical debtors which are of similar risk and size of obligation. Section 114.10(b) prohibits a corporation from forgiving prior debts or settling debts which have been incurred by a candidate, political committee, or other person in connection with a federal election for less than the amount owed on the debt.

Under 11 C.F.R. § 114.10(c), however, a corporation may settle or forgive a debt if the creditor has treated the outstanding debt in a commercially reasonable manner. A settlement will be considered to be commercially reasonable if the initial extension of credit was made in accordance with 11 C.F.R. § 114.10(a), the candidate or political committee has undertaken all commercially reasonable efforts to satisfy the outstanding debt, and the corporate creditor has pursued its remedies in a manner similar in intensity to that employed by the corporation in pursuit of a non-political debtor, including lawsuits if filed in similar circumstances. Id. A corporation and/or the debtor must file a statement of settlement with the Commission including the initial terms of credit, the steps the debtor has taken to satisfy the debt, and remedies pursued by the creditor. This statement

must be filed prior to the termination of the reporting status of the debtor, and the settlement is subject to Commission review. Id.

Section 434(b)(8) of Title 2, United States Code, and 11 C.F.R. §§ 104.3(d) and 104.11(a) require a political committee to report the amount and nature of outstanding debts and obligations owed by or to the political committee, and where such debts are settled for less than their reported amount or value, a statement as to the circumstances and conditions under which such debts or obligations were extinguished and the consideration therefor.

1. MediAmerica

The final post-primary audit report stated that, in the course of the audit, documentation was obtained which indicated that the Committee and MediAmerica entered into a settlement agreement in October 1980 in which a balance of $16,566.52 was settled for $4,000. As neither the Committee nor MediAmerica has filed a debt settlement statement with the Commission, this matter was referred to the Office of General Counsel (Attachment 1).

A review of reports filed by the Committee has revealed that the Committee did not report, at any time prior to the settlement agreement, any outstanding debts and obligations owed to MediAmerica. The Committee did report, however, payments to MediAmerica for telephone bank and promotional

expenses totalling $33,589.33, of which $4,000 comprised the settlement. 5/

Documentation obtained by Audit indicates that on an undetermined date in 1979, the Committee and MediAmerica entered into an oral contract which provided that MediAmerica would conduct telephone fundraising services for the Committee during November and December of 1979. The oral contract, according to the settlement agreement, stipulated that MediAmerica would not expend more, or bill the Committee for more than $25,000 for its fundraising services. However, MediAmerica billed the Committee for the amount of $37,876.80. As of May 2, 1980, prior to the settlement agreement, the Committee paid MediAmerica the sum of $29,589.33.

Subsequent to payment to MediAmerica of the sum of $29,589.33, it appears that the Committee was informed orally by MediAmerica on May 5, 1980, that MediAmerica should have billed the Committee for the fair market value of its services ($45,000), rather than at cost ($37,876.80). On July 28, 1980, MediAmerica submitted an invoice and letter to the Committee requesting the additional payment of $15,410.67

5/ Reports filed by the Reagan for President Committee report expenditures to MediAmerica as follows: January 2, 1980 ($10,000); February 8, 1980 ($8,000); February 21, 1980 ($8,589.33); May 2, 1980 ($3,000); and October 29, 1980 ($4,000).

($45,000 less payment already made of $29,589.33). 6/ After apparently no response, or an unsatisfactory response from the Committee, MediAmerica submitted an additional invoice to the Committee on September 18, 1980, 7/ in which MediAmerica informed the Committee that if it did not meet the obligation by September 26, 1980, MediAmerica would take legal action against the Committee. The final communication obtained by Audit is a letter from the Committee to MediAmerica dated October 23, 1980, six days prior to the settlement agreement, which states that the Committee "does not recognize any outstanding indebtedness to MediAmerica" in response to a final notice submitted to the Committee on October 9, 1980. 8/

On October 29, 1980, the Committee and MediAmerica entered into a settlement agreement. The agreement states that there was an oral contract between the Committee and MediAmerica whereby MediAmerica would not bill the Committee in excess of $25,000, that the Committee as of the date of the settlement agreement had already paid MediAmerica

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6/ The letter also stated MediAmerica's concern that in billing the Committee at "cost," a "possible illegal corporate contribution in the amount of $7,132 appears to have been made to the Reagan for President Committee." Moreover, the letter urges the prompt payment of the outstanding balance and notes that "considerable efforts to collect previous overdue balances, extending over a period in excess of six months, have been thwarted by unnecessary delays."

7/ The invoice was in the amount of $15,872.99 ($15,410.67 plus interest penalties of $462.32).

8/ The invoice was in the amount of $16,566.52 ($15,410.67 plus interest penalties of $1,155.85).

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$29,589.33 pursuant to the contract, and that the Committee would pay MediAmerica $4,000 in settlement of the dispute. The agreement also states in pertinent part:

> Whereas RFP [the Committee] believes it has more than satisfied its contractual obligations to MA [MediAmerica], while MA contends that it has additional expenses which should, in fairness, be compensated.
> Now, therefore, in consideration of the mutual commitment of both parties to a fair settlement dispute it is herein agreed that the oral contract originally entered into is hereby modified. RFP will pay MA $4,000 on the signing of this agreement. [emphasis added]

In this matter, the Committee apparently received the value of $45,000 in fundraising services from MediAmerica, yet only paid MediAmerica the sum of $33,589.33 for the services. This circumstance (as well as the circumstance concerning The Clyne Company discussed below) raises several issues. The first issue to be considered is whether this disputed debt was required to be reported. A second issue is whether a debt settlement statement was required to be filed when the disputed debt was settled. A third issue is one of whether the settlement of the disputed debt was reasonable, for otherwise an in-kind corporate contribution may have occurred.

In regard to the first issue, the Commission determined in Advisory Opinion 1976-85 that a committee is required to report as an outstanding debt the amount of a debt in dispute. The reasoning in AO 1976-85 was that the Act required reports which are filed to include "the amount and

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nature of debts and obligations owed by the committee," and that the Commission's then proposed regulations stated that this includes any "promises to make contributions and expenditures." 9/ The opinion further stated that since the Act defined "expenditure" to include "'... a contract, promise or agreement, express or implied, whether or not legally enforceable, to make any expenditure' (2 U.S.C. § 431(f)(2))," a disputed claim was required to be reported.

The debt owed to MediAmerica would be required to be reported if the analysis of Advisory Opinion 1976-85 was applied alone. However, the statute has been amended since Advisory Opinion 1976-85 was issued. In the 1979 Amendments, Congress added the word "written" to the definition of "expenditure", so that now a "written contract, promise, or agreement to make an expenditure" (emphasis added) is required. This change, along with the deletion of the phrase "whether or not legally enforceable," suggests that Congress wished to remove from the reporting requirements those contracts, promises, and agreements which are merely oral in nature.

In light of the statutory change noted, it is the view of the General Counsel that the Committee was under

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9/ While a political committee is required to report the amount of its outstanding debts and obligations, Commission Regulations (promulgated on April 1, 1980) no longer state that outstanding debts and obligations include "any written contracts, agreements, or promises to make contributions or expenditures." Compare former 11 C.F.R. § 104.2(b)(11) and 11 C.F.R. § 104.3(d).

no obligation to report the obligation arising simply from the 1979 oral contract. However, because the Committee was billed for expenses in excess of the $25,000 amount agreed upon, and because the Committee in fact paid more than $25,000 even before the dispute over the final $15,410.67 bill developed, it appears that the oral contract was mutually rescinded or modified. The General Counsel believes that the Committee should have reported as an outstanding debt the amounts it was billed in writing but which it had not paid at the end of the respective reporting periods. Such a disclosure should be required in any situation where a reporting entity has received goods or services for which it has not made payment in the amount billed, and the cost of which is in dispute. The debt should be reported as incurred at the time the invoice for the amount in dispute was received. 10/ Therefore, the General Counsel recommends that the Commission find reason to believe the Committee violated 11 C.F.R. § 104.3 (d) and § 104.11, and 2 U.S.C. § 434(b)(8) by failing to report an outstanding obligation to MediAmerica.

Since the Committee and MediAmerica entered into a settlement agreement and settled the disputed debt, it is the view of the General Counsel that a debt settlement statement

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10/ A primary reason for requiring debts to be reported is to monitor whether a contribution by the provider of goods or services arises due to payment of less than the usual and normal charge, see 11 C.F.R. § 100.7(a)(1)(iii), or payment after a length of time beyond normal business or trade practice, see 11 C.F.R. § 100.7(a)(4).

was required to be filed with the Commission. Pursuant to 11 C.F.R. §§ 104.3(d), 104.11 and 114.10(c), and 2 U.S.C. § 434(b)(8), a statement must be filed when a debt or obligation is settled for less than its reported value. The filing of such a statement enables the Commission to determine whether the settlement of the debt was reasonable and, whether an in-kind contribution arose. Moreover, it is only through the filing of a settlement statement that the circumstances surrounding the settlement would be publicly disclosed. Therefore, it is the view of the General Counsel that the Committee violated 2 U.S.C. § 434(b)(8), and 11 C.F.R. §§ 114.10(c), 104.3(d), and 104.11 by failing to file a debt settlement statement with the Commission. 11/

With regard to a possible in-kind contribution from MediAmerica to the Committee, it is the position of the General Counsel that there is no basis on which to sustain a violation of 2 U.S.C. § 441b(a). The evidence available does not indicate that the Committee was aware, prior to the completion of services, of the cost overrun by MediAmerica. As MediAmerica appears to have pursued all remedies, short of litigation, to obtain payment from the Committee for the

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11/ While 11 C.F.R. § 114.10(c) states that the "corporation and/or debtor must file a statement of settlement (emphasis added)," section 104.11 of Commission Regulations states that the reporting committee shall file such a statement. Thus, as there is no requirement that the corporation file a statement, the General Counsel does not recommend any finding in regard to MediAmerica (or The C.T. Clyne Company).

fair market value of the services it provided to the Committee, it is the view of the General Counsel that the debt settlement was reasonable and consistent with past Commission action concerning the settlement of debts in dispute. 12/ Therefore, the General Counsel recommends that the Commission find no reason to believe either the Committee or MediAmerica violated 2 U.S.C. § 441b(a).

2. The C.T. Clyne Company, Inc.

The final post-primary audit report noted that the Committee and The C.T. Clyne Company, Inc. entered into a written agreement on October 5, 1979, whereby The Clyne Company would provide advertising services to the Committee (Attachments 1 and 4). The letter of agreement states that the C.T. Clyne Company will receive a $25,000 per month advance for the months of October, November, and December, 1979, that the advances would be deducted in monthly increments of $25,000 from the earned fees in January, February, and March, 1980, and that the agreement may be terminated on thirty days notice by either party. 13/

12/ See DSR 672 (Disputed Debt Settlement Agreement of the Minnesota Mining and Manufacturing Company and the 1976 Democratic National Convention, Inc.) and DSR 773 (Debt Settlement Requests of the Dole for President Committee, Inc.)

13/ The agreement further provides the following: a) C.T. Clyne Company will receive a fee equivalent to 11% of all media billings except for billings on the November 13, 1979, syndicated and network television candidacy announcement; b) C.T. Clyne Company will add the customary agency mark up of 17.65 percent to the production invoices billed to the Committee; c) the out-of-pocket expenses incurred by C.T. Clyne Company for such expenses as travel and lodging will be billed to the Committee at net cost; and, d) C.T. Clyne Company will provide office space for the Committee's media team from the firm of Ruth Jones, Ltd. at no extra cost to the Committee.

Documentation obtained by the Audit Division indicates that by letter dated January 29, 1980, the Committee informed The C.T. Clyne Company that the Committee was terminating its contract effective February 27, 1980. A letter dated May 7, 1980, from The Clyne Company, Inc. indicates that the three advances of $25,000 each had not been received, as provided for in the agreement, and that the company was not reimbursed in the amount of $45,000 for costs incurred in connection with a commercial known as "Copter." 14/ According to the company's letter, the following is owed by the Committee:

Balance shown as owed by the Committee	$ 8,130.48
"Copter" commercial cost	$ 45,000.00
October, November, and December Fees (advances)	$ 75,000.00
Less: Commissions earned in 1980	($ 14,136.78)
	$113,993.70

On July 29, 1980, the Committee paid The Clyne Company $40,000 for a full and complete release of all claims possessed by the company against the Committee. Thus, a disputed debt of $113,993.70 was settled for $40,000.

The interim post-primary audit report to the Committee

14/ In an internal memorandum dated April 20, 1980, the Committee Treasurer stated that: 1) the "Copter" commercial could not be used because of its poor quality; 2) the fees for October, November, and December were advances on commissions earned in January, February, and March, but since the contract was terminated effective February 27, 1980, no commission was earned in March; and, 3) in addition to the $14,136.78 in commission on media billings, The Clyne Company earned another $30,000 on agency mark-ups.

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recommended that a debt settlement statement be filed with the Commission. In response to the interim audit report, the Committee Treasurer stated that it was the Committee's position that the filing of a debt settlement statement was not required. The Committee's reasoning was that it had no legal obligation to The Clyne Company, that there was no settlement of a debt, and that a compromise settlement was produced. The Committee's reply concluded that it "is still of the opinion that it owed the Clyne Company nothing."

In this matter, a disputed obligation of $113,993.70 was settled for $40,000. As with the situation involving MediAmerica discussed above, the same issues are raised and the same analysis applies. Although the Committee appears to have received goods and services from The Clyne Company for which it did not make complete payment, the Committee did not report a debt owed to The Clyne Company for those goods and services. Thus, it is the view of the General Counsel that there is reason to believe the Committee violated 11 C.F.R. §§ 104.3(d) and 104.11 and 2 U.S.C. § 434(b)(8) by failing to report an outstanding obligation to The Clyne Company.

In regard to the Committee's failure to file a debt settlement statement with the Commission, it is the view of the General Counsel that a statement is required to be filed. Although the response of the Committee maintains that there was no settlement of a debt, the settlement agreement entered into by both parties

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provides for "the complete settlement of all accounts and the payment of $40,000." Pursuant to the agreement, The Clyne Company granted the Committee a "full and complete release of all claims" against it. In view of the language contained in the agreement, it appears that a disputed debt was in fact settled for $40,000. Thus, it is the position of the General Counsel that the Committee violated 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 114.10(c), 104.3(d) and 104.11 by failing to file a debt settlement statement with the Commission.

Neither the Committee nor The Clyne Company appear to have violated 2 U.S.C. § 441b(a) in regard to the settlement of the disputed debt, in the General Counsel's view. The evidence available indicates that the disputed debt arose from what the Committee perceived as the unsatisfactory performance of the terms of the contract by The Clyne Company. The fact that the Committee terminated its payments to The Clyne Company prior to the expiration of the contract appears to support the Committee's position that the services it received were unsatisfactory. Documentation available indicates that The Clyne Company attempted on numerous occasions to obtain payment from the Committee for its services. In view of these considerations it is the position of the General Counsel that the settlement of the disputed debt was reasonable and that neither The Clyne Company nor the Committee violated 2 U.S.C. § 441b(a).

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3. Tommy Thomas Chevrolet Co., Inc.

During the post-primary audit follow-up work conducted in December, 1980, Audit noted several photocopies of corporate checks and other supporting documentation received by the Committee on October 1, 1980, from Tommy Thomas Chevrolet Co., Inc. (Attachment 5). As the documentation indicates that the expenditures were incurred by Luther E. Thomas and paid for by Tommy Thomas Chevrolet Co., Inc., this matter was referred to the Office of General Counsel. 15/

A review of the documentation obtained by Audit indicates that on September 30, 1980, Tommy Thomas Chevrolet Co., Inc. submitted an invoice to the Committee in the amount of $9,466.60. The invoice states that the expenses were "paid by Tommy Thomas Chevrolet for the Reagan '80 Campaign." Documentation accompanying the invoice indicates that the expenses were incurred during the period of April 3, 1979, through August 26, 1980, and were for such costs as car rentals, hotels, telephones, airfares, and meals. 16/

A review of reports filed by the Committee has revealed that the Committee reported, on three reports filed, a debt to Tommy Thomas, rather than to Tommy Thomas Chevrolet Co., Inc. The

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15/ The audit report noted that Luther Thomas was the Reagan for President Executive Director for the Florida Region. It appears that Tommy Thomas and Luther Thomas are the same individual.

16/ The supporting documentation obtained by Audit includes copies of checks written on the account of Tommy Thomas Chevrolet Co., Inc. in payment for the expenses for which it claims reimbursement from the Committee.

amount of the debt is reported as $9,466.60 and the date of the obligation is reported as September 30, 1980; the nature of the obligation is reported as "travel expense." The April 15, 1981, quarterly report of the Committee reported an expenditure of $9,180.29 to Tommy Thomas on February 21, 1981, as reimbursement for travel expenses. 17/

It is the view of the General Counsel that a contribution of $9,466.60 from Tommy Thomas Chevrolet Co., Inc. to the Committee existed as a result of the advance made to the Committee by Tommy Thomas Chevrolet Co., Inc. While Commission Regulations at 11 C.F.R. § 114.10 permit a corporation to extend credit to federal candidates and political committees, the regulations require that the credit be extended in the ordinary course of the corporation's business in order for a contribution not to occur. It is the position of the General Counsel that the exemption is not applicable in this situation because the extension of credit by Tommy Thomas Chevrolet Co., Inc. to the Committee cannot be considered to be in the ordinary course of the corporation's business. The extension of credit by a corporation in the "ordinary course" of its business, necessarily implies that the credit results from the provision of goods or services by the corporation which is extending the credit. In the instant matter, Tommy Thomas Chevrolet Co., Inc. appears to have incurred expenses unrelated to its business on behalf of the Committee.

17/ The April 15, 1981, quarterly filing reports, at the close of the reporting period (March 31, 1981), no outstanding debts owed by the Committee. Thus, a discrepancy of $286.31 is unexplained.

It is, therefore, the view of the General Counsel that there is reason to believe Tommy Thomas Chevrolet Co., Inc. violated 2 U.S.C. § 441b(a) by making an advance of $9,466.60 to the Committee. It is the further view of the General Counsel that the Committee also violated 2 U.S.C. § 441b(a) by accepting an advance of $9,466.60 from Tommy Thomas Chevrolet Co., Inc.

C. Reporting of Debts and Obligations in Regard to Tommy Thomas Chevrolet Co., Inc.

Section 434(b)(8) of Title 2, United States Code, requires a political committee to report the amount and nature of outstanding debts and obligations owed by or to the committee. The "nature" of the obligation includes the identification of the person or entity to whom the obligation is owed. See Schedule C-P, FEC Form 3P.

As discussed earlier, the Committee reported an obligation to the individual, Tommy Thomas, rather than to Tommy Thomas Chevrolet Co., Inc. 17/ As the invoice to the Committee from the corporation expressly states that the expenses were paid by the corporation, and the supporting documentation provided to the Committee with the invoice substantiates such payment,

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17/ The Committee reported a debt to Tommy Thomas on the 10 day pre-general election report, the 30 day post-general election report, and the 1980 Year-End Report.

it is the position of the General Counsel that the Committee violated 2 U.S.C. § 434(b)(8) by failing to report the correct identification of the entity or person to whom the obligation was owed.

III. General Counsel's Recommendation's

1. Find reason to believe the Reagan for President Committee violated 2 U.S.C. § 441a(f).

2. Find reason to believe the following individuals violated 2 U.S.C. § 441a(a)(1)(A):

a. Hazel Bowerman

b. Raymond Cooper

c. Michael F. Cross

d. Edward DeLoreto

e. Albert B. Frowiss

f. B.D. Gilbert

g. Peter Hon

h. Forrest C. Lattner

i. William Manning

j. Warren N. Porter

k. Thomas Sefton

l. Mrs. B.F. Weekley

m. Thomas Trainer

n. Rudolph Bernatschke

3. Find reason to believe the Reagan for President Committee violated 11 C.F.R. § 104.3(d) and § 104.11, and 2 U.S.C. § 434 (b)(8) in regard to the reporting of obligations to MediAmerica and The C.T. Clyne Company.

4. Find reason to believe the Reagan for President Committee violated 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 114.10(c), 104.11, and 104.3(d) in regard to the filing of debt settlement statements concerning MediAmerica and The C.T. Clyne Company.

5. Find no reason to believe the Reagan for President Committee, MediAmerica, or The C.T. Clyne Company violated 2 U.S.C. § 441b(a) in regard to the settlement of corporate debts.

6. Find reason to believe the Reagan for President Committee violated 2 U.S.C. § 441b(a) in regard to its acceptance of an advance from Tommy Thomas Chevrolet Co., Inc.

7. Find reason to believe Tommy Thomas Chevrolet Co., Inc. violated 2 U.S.C. § 441b(a).

8. Find reason to believe the Reagan for President Committee violated 2 U.S.C. § 434(b)(8) in regard to the reporting of an obligation to Tommy Thomas Chevrolet Co., Inc.

9. Approve the attached letters.

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Charles N. Steele
General Counsel

September 2, 1981
Date

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

Attachments

1 - Referral
2 - Chart of individual contributors
3 - Chart of contributors in excess of $2,000
4 - C.T. Clyne Company
5 - Tommy Thomas Chevrolet documentation
6 - Proposed letters

ATTACHMENT 1

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MUR 1360

Extra Copy 2

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

81 JAN 21 A10: 39

January 19, 1981

MEMORANDUM

EXECUTIVE SESSION
JAN 27

TO: THE COMMISSIONERS

THROUGH: B. ALLEN CLUTTER
STAFF DIRECTOR

FROM: BOB COSTA

SUBJECT: FINAL AUDIT REPORT -
REAGAN FOR PRESIDENT

Attached please find a copy of the final audit report of the Reagan For President committee, along with the legal analysis provided by the Office of General Counsel and the text portion of the Committee response to the interim report.

Please note that attached at Exhibits A, B, C and D are certain matters* which the Office of General Counsel recommended be referred to their office. Therefore, the Audit Division has deleted these matters from the audit report. In addition, please note that the Office of General Counsel is in agreement with all findings contained in the report.

If you have any questions, please contact Tom Nurthen of the Audit Division at extension 3-4155.

* Copy of detailed working papers associated with these matters have been made available to the Office of General Counsel. The working papers are available for review in the Audit Division.

Attachments:

Final Audit Report
Legal Analysis
Committee Response
Exhibits A through D

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

REPORT OF THE AUDIT DIVISION ON REAGAN FOR PRESIDENT

I. Background

A. Overview

This report is based on an audit of Reagan For President ("the Committee"), 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 9038(a) of Title 26 of the United States Code which states that after each matching payment period, the Commission shall conduct a thorough examination and audit of the qualified campaign expenses of every candidate and his authorized committees who received payments under Section 9037.

In addition, Section 9039(b) of Title 26 of the United States Code and Section 9038.1(b) of Title 11 of the Code of Federal Regulations state, in relevant part, that the Commission may conduct other examinations and audits from time to time as it deems necessary.

The Committee registered with the Federal Election Commission on February 28, 1979, as the principal campaign committee of the Honorable Ronald Reagan, candidate for the Republican nomination for President of the United States. The Committee maintains its headquarters in Arlington, Virginia (formerly, Los Angeles, California).

The audit covered the period from January 1, 1980 through July 31, 1980. During this period the Committee reported an opening cash balance of $554,574.98, total receipts of $20,572,043.05, total expenditures of $17,757,936.04, and a closing cash balance of $3,368,681.99. In addition, certain financial activity has been reviewed through December 19, 1980.

This report is based upon documents and working papers supporting each of the factual statements contained herein. They form part of the record upon which the Commission based its decisions on the matters addressed in the report and were available to the Commissioners and appropriate staff for review.

B. Key Personnel

The principal officers of the Committee during the period audited were Senator Paul Laxalt, Chairman, and Ms. Bay Buchanan, Treasurer.

C. Scope

The audit included such tests as verification of total reported receipts, expenditures and individual transactions; review of required supporting documentation; analysis of Committee debts and obligations; review of contribution and expenditure limitations; and such other audit procedures as deemed necessary under the circumstances.

II. Audit Findings and Recommendations Relating to Title 2 of the United States Code

A. Limitation on Expenditures

Section 441a(b)(1)(A) of Title 2, United States Code, states, in part, that no candidate for the office of President of the United States who is eligible under Section 9033 of Title 26 (relating to eligibility for payments) to receive payments from the Secretary of the Treasury may make expenditures in excess of $10,000,000 as adjusted for the change in the consumer price index since 1974, in the case of a campaign for nomination for election to such office (also see 2 U.S.C. 441a(c)).

Section 9035.1(a) of Title 11, Code of Federal Regulations states that no candidate or his or her authorized committee(s) shall knowingly incur expenditures in connection with the candidate's campaign for nomination, which expenditures, in the aggregate, exceed $10,000,000 (as adjusted under 2 U.S.C. 441a(c)), except that the aggregate expenditures by a candidate in any one State shall not exceed the greater of: 16 cents (as adjusted under 2 U.S.C. 441a(c)) multiplied by the voting age population of the State (as certified under 2 U.S.C. 441a(e)); or $200,000.00 (as adjusted under 2 U.S.C. 441a(c)).

In addition, Section 431(9)(B)(vi) of Title 2, United States Code excludes from the definition of the term "expenditure": any costs incurred by an authorized committee or candidate in connection with the solicitation of contributions on behalf of such candidate, except that this clause shall not apply with respect to costs incurred by an authorized committee of a candidate in excess of an amount equal to 20 percent of the expenditure limitation applicable to such candidate under Section 441a(b), but all such costs shall be reported in accordance with Section 434(b).

Section 110.8(c)(2) of Title 11, Code of Federal Regulations provides that expenditures for fundraising activities targeted at a particular State and occurring within 28 days before that state's primary election, convention, or caucus shall be presumed to be attributable to the expenditure limitation for that State, 11 C.F.R. 100.8(b)(21) (relating to the 20% fundraising exemption) notwithstanding.

Section 100.8(b)(15) states, in relevant part, that expenditures for services solely to ensure compliance with the Act made by a candidate certified to receive Primary Matching Funds under 11 C.F.R. Part 9034 do not count against such candidate's expenditure limitations under 11 C.F.R. 9035 or 11 C.F.R. 110.8.

The limitations relating to the 1980 primary election for nomination are:

$14,720,000.00	2 U.S.C. 441a(b)(1)(A)
2,944,000.00	20% fundraising exemption
$17,664,000.00	total fundraising plus operating expenditures

1. Allocation of Fundraising Expenses

The Audit staff reviewed the Committee's method of classifying expenditures as fundraising costs subject to the 20% fundraising exemption. During the period February 26, 1979 through July 31, 1980, the Committee reported on FEC Form 3P, Line 25, "Exempt Fundraising, Legal and Accounting Expenditures", $3,322,829.38 1/ in expenditures classified as exempt fundraising costs.

Our review of the Committee's documentation and worksheets indicated that the following categories of expenses were, according to the Committee classifiable as exempt fundraising expenses:

Direct Mail Services	$1,555,093.17
Fundraising Events and associated expenses	633,160.40
Salaries, Consulting Fees and associated expenses	537,700.58
Allocable portion of National Headquarter's expenses	454,090.33
Allocable portion of Tour Travel expenses	225,653.76
Allocable portion of States' Mailing expenses	100,215.76
	$3,505,914.00 2/

1/ Includes $6,415.66 probably classifiable as exempt legal and accounting.

2/ As noted previously, the Committee reported $3,322,829.38 as exempt fundraising expenses.

In summary, given the $2,944,000.00 exemption for fundraising expenses contained at 2 U.S.C. 431(9)(B)(vi), it is our opinion that the Committee has included $376,252.71 (net) in expenses on Line 25 which should be reported as operating expenses on Line 24 and therefore subject to the overall expenditure limit contained at 2 U.S.C. 441a(b)(1)(A).

Recap:

Expenditures reported as exempt fundraising for Line 25, 2/26/79 through 7/31/80	$3,322,829.38
Less: Reported refunds of fundraising expenses	(2,576.67)
Net fundraising expenditures per report	$3,320,252.71
Less: Fundraising expense exemption	(2,944,000.00)
Overage, reclassifiable to operating expenditures chargeable to overall limitation	$ 376,252.71

It should be noted that the Audit staff does not believe that the Committee's allocations of 20% of Headquarter's Tour Travel and States' Mailing Expenses are necessarily reflective of the actual allocable portion of these expenses attributable to its fundraising efforts. Based on the Committee documentation reviewed, it appears that the 20% factor is merely an estimate. However, in view of the fact that after applying direct charges of $2,725,954.15 against the $2,944,000 exemption the remaining $218,045.85 which may be allocated to exempt fundraising represents approximately 9.6% of National Headquarter's expense ($218,045.85 ÷ $2,270,451.66 (total headquarter's expense)), which appears reasonable. The allocation of a portion of Tour Travel and States' Mailing Expenses becomes irrelevant in light of the above discussion.

2. Limitation on Expenditures 2 U.S.C. 441a(b)(1)(A)

As noted previously, the expenditure limitation is $14,720,000.00. An analysis of Committee disclosure reports for the period from February 26, 1979 through August 31, 1980, yielded the following with respect to expenditures subject to the $14,720,000 limitation.

Expenditures classified as operating 2/26/79 to 7/31/80-Lines 24 and 26b	$ 15,197,569.10
Expenditures classified as fundraising 2/26/79 to 7/31/80-Line 25 (net of reported refunds)	$ 3,320,252.71
Less: 20% fundraising exemption	($ 2,944,000.00)
Less: Refunds and Rebates pertaining to operating expenditures	($ 974,563.22)
Expenditures subject to limitation (Audit analysis) 2/26/79-7/31/80	$ 14,599,258.59

Adjustments to Reported Figures 2/26/79 through 7/31/80

Add: Expenditures subject to the limitation as reported for the period 8/1/80-8/31/80	$ 473,832.59
Add: Expenditure on 8/11/80 for Convention travel not included in $473,832.59 above	$ 29,859.58
Add: Reported Debts and Obligations Owed by the Committee as of 8/31/80	$ 9,675.36 *
Less: Reported Debts and Obligations Owed to the Committee as of 8/31/80	($ 160,060.00) *
Total Expenditures Subject to Limitation 2/26/79-8/31/80 per Committee's reports	$ 14,952,566.12

Based on our preliminary analysis performed in October, 1980, it appeared that the Committee had exceeded the expenditure limitation at 2 U.S.C. 441a(b)(1)(A) in the amount of $232,566.12 ($14,952,566.12 less $14,720,000). It should be noted that the Committee did not identify on its reports any amounts chargeable to the exempt legal and accounting expense category. It was suggested that the Committee might wish to review its exempt legal and accounting costs and reallocate, on a reasonable basis, an amount from operating expenses to the exempt legal and accounting category by amending the appropriate expenditures' sections of disclosure reports filed to date.

On November 18, 1980, the Commission approved the recommendation of the Audit staff contained in the interim report that the Committee be requested to show within 30 days of receipt of the audit report that the overall expenditure limitation had not been exceeded as set forth in the interim report. Absent such a showing, a determination would be made regarding an amount required to be repaid to the U. S. Treasury.

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* Obligations relating to expenses solely to ensure compliance with the Act may be included in these figures.

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Analysis of Committee Response

In its response to the interim report, the Treasurer indicated that the Committee's compliance expenditures were summarized and reclassified on the post-election report (covering the period 10/16/80-11/24/80). She also stated that Reagan For President is now well below the expenditure limitation as set forth in 2 U.S.C. 441a(b)(1)(A). The Audit staff's analysis of the reclassification of expenditures from operating (i.e. chargeable to the overall limit) to legal and accounting (exempt from overall limit) is discussed below.

The Committee's 30 day post general election report was filed on December 8, 1980. Within this report, the Committee reclassified (amended) $807,763.61 in expenditures, from operating expenditures (subject to the limitation, line 24) to exempt legal and accounting (line 25). The majority of the reclassified expenditures were for salaries, consulting and legal services, interest expense, and computer services.

The Audit staff's analysis of the disbursements reclassified to exempt legal and accounting by the Committee is as follows:

Payroll and Payroll Taxes

Through discussions with the Assistant Treasurer the Audit staff has determined that 100% of the payroll and payroll taxes for the Treasurer's office ($384,556.01) has been reclassified to exempt legal and accounting. The Assistant Treasurer could not provide the Audit staff with written job descriptions for personnel within the Treasurer's office or identify the work areas where certain individuals were assigned. Therefore, the reasonableness of this reclassification could not be determined. However, the Audit staff does not believe that 100% of the functions performed within the Treasurer's office are solely for the purpose of insuring compliance with the Act (see 11 C.F.R. 100.8(b)(15)).

For example, the following non-compliance accounting functions must be considered in determining a reasonable allocation:

1) maintaining cash receipt records;

2) writing checks, transmitting funds to field workers, recording disbursements;

3) reconciling bank statements;

4) preparing cash flow reports;

5) budget preparation and budget performance reports;

6) keeping payroll records, paying employees, filing quarterly payroll returns and making state and federal payroll deposits; and,

7) filing exempt organization return (1120 POL) with the IRS. Section 527 of the Internal Revenue Code requires that all unrelated business income be reported. Consequently, the Committee must maintain accounting records sufficient to permit compliance with the IRS reporting and recordkeeping requirements.

In threshold audit reports issued on two (2) 1980 Presidential campaigns, the Commission approved an allocation of 85% of the costs associated with the Treasurer's office as a reasonable percentage allocable to exempt legal and accounting. This percentage was developed through studies based on the functions performed in the Treasurer's office. As previously stated, Committee records were not available to conduct such a study. However, based on prior Commission action regarding two campaigns of comparable size, the Audit staff believes that the percentage (85%) represents a reasonable allocation of costs to exempt legal and accounting.

Based on the above, the amount of payroll and payroll taxes chargeable to exempt legal and accounting should be $326,872.60 ($384,556.01 x .85), and the amount chargeable to operating should be $57,683.41 ($384,556.01 x .15).

Headquarter's Overhead

The Committee has reclassified overhead costs, totaling $171,150.68, to exempt legal and accounting. This reclassification represents a 100% allocation of overhead costs relating to the operations of the Treasurer's office. It has been established that certain functions performed by personnel in the Treasurer's office are not specifically compliance related. Therefore, the Audit staff believes that the same percentage applied to payroll (85%) should apply to overhead costs.

Based on the above, the amount of overhead costs chargeable to exempt legal and accounting should be $145,478.07 ($171,150.68 x .85), and the amount chargeable to operating should be $25,672.61 ($171,150.68 x .15).

Interest Payments and Bank Charges

The Committee reclassified payments made to various banks, totaling $129,740.71. The payments were for interest on bank loans ($128,264.61) and other routine bank charges ($1,476.10). The Audit staff disagrees with this reclassification since payments for interest and other routine bank charges, in our opinion, are not considered disbursements covered by 11 C.F.R. 100.8(b)(15) and therefore are not exempt from the expenditure limitations pursuant to 2 U.S.C. 441a(b)(1)(A) and 26 U.S.C. 9034.

Based on the above, the payments for interest on bank loans and other routine bank charges should be chargeable to operating ($129,740.71).

Miscellaneous Items

a) Other disbursements, totaling $3,092.96, were, in our opinion, erroneously reclassified to exempt legal and accounting. The disbursements were for reimbursed air travel and lodging, newspaper advertisements, autopen plates, and employment fees.

Based on the above, $3,092.96 should be chargeable to operating.

b) The Committee also reclassified payments totaling $7,210.60 to exempt legal and accounting. The payments were made to individuals assigned to the Treasurer's office. Generally, the payments were for per diem expenses and various reimbursed expenses. As previously determined approximately 85% of an individuals time is spent on compliance related activities.

Based on the above, the amount chargeable to exempt legal and accounting should be $6,129.01 and the amount chargeable to operating should be $1,081.59.

Recap of Audit Adjustment of Committee Reclassification

Amount reclassified by Committee	$807,763.61
Less: Payroll costs not chargeable to exempt legal and accounting ($384,556.01 x .15)	(57,683.41)
Less: Headquarter's overhead not chargeable to exempt legal and accounting ($171,150.68 x .15)	(25,672.61)
Less: Interest payments and other bank charges not chargeable to exempt legal and accounting	(129,740.71)
Less: Miscellaneous items not chargeable to exempt legal and accounting (see (a) and (b) above)	(4,174.55)
Total amount of reclassified disbursements determined as reasonable charges to exempt legal and accounting	$590,492.33

Our analysis of the Committee's response to the interim report and review of reports filed for activity through 11/24/80 revealed the following:

Expenditures subject to limitation (2/26/79-7/31/80) as previously noted on page 5.	$14,599,258.59
Adjustments to Reported Figures 2/26/79 through 7/31/80.	
Add: Expenditures subject to the limitation as reported for the period 8/1/80-11/24/80.	718,485.41
Add: Expenditure on 8/11/80 for convention travel not included in the $718,485.41 above.	29,859.58
Add: Reported Debts and Obligations Owed by the Committee as of 11/24/80.	42,059.63*
Add: Maximum net income realizable for tours #4 through #26.	142,990.78
Add: Disbursements previously allocated to exempt legal and accounting (line 25) in error.	13,351.80
Less: Reported Debts and Obligations owed to the Committee as of 11/24/80.	(21,434.50)*
Less: Amount of reclassified expenditures ($807,763.61) per audit's analysis chargeable to exempt legal and accounting.	(590,492.33) 3/
Less: Disbursements erroneously disclosed as exempt fundraising but chargeable to exempt legal and accounting.	(136,691.14)
Total Expenditures Subject to the Limitation 2/26/79 - 11/24/80.	$14,797,387.82 4/

It appears that based on Committee reports filed and audit work conducted to date that the Committee has exceeded the expenditure limitation at 2 U.S.C. 441a(b)(1)(A) in the amount of $77,387.82 ($14,797,387.82 - $14,720,000.00).

Recommendation

It is the recommendation of the Audit staff that the Committee amend its post-general election report to reflect the adjustments noted above. Further, it is recommended that, the Commission make a final determination that the amount ($77,387.82) in excess of the overall expenditure limitation at 2 U.S.C. 441a(b)(1)(A) be considered a non-qualified campaign expense and repayable to the U.S. Treasury (see Finding III.B.2. for repayment discussion).

See following page for footnotes.

* See footnote */ at page 5.

3/ If the entire $807,763.61 were reclassified to exempt legal and accounting, the Committee would not have exceeded the expenditure limitation at 2 U.S.C. 441a(b)(1)(A).

4/ Finding III.D.1 and D.4 contain recommendations relating to reimbursements due the Committee from the Candidate's General Election Committee for the purchase of Primary equipment and certain expenses paid by the Primary but apparently related to the Candidate's general election campaign. The value of these reimbursements due the Committee has not been considered in arriving at the $14,797,387.82 figure noted above. In addition, actual receipt and disbursement activity occurring after 11/24/80 will be incorporated as information becomes available. Adjustments to total expenditures subject to the limitation may also be warranted based on unresolved questions relating to the Committee's settlement/negotiation of certain debts (including checks issued and subsequently voided).

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B. Allocation of Expenditures to States

Sections 441a(b)(1)(A) and 441a(c) of Title 2 of the United States Code provide, in part, that no candidate for the Office of President of the United States who is eligible to receive and has received matching funds may make expenditures in any one state aggregating in excess of the greater of 16 cents multiplied by the state voting age population or $200,000.00, adjusted by the Consumer Price Index.

Section 106.2(a) of Title 11 of the Code of Federal Regulations states, in part, that expenditures made by a candidate's authorized committee(s) which seek to influence the nomination of that candidate for the Office of President of the United States with respect to a particular state shall be allocated to that state.

In addition, Section 106.2(b) and (c) of Title 11 of the Code of Federal Regulations states, in part, that expenditures for staff, media, printing and other services used in a campaign in a specific state shall be attributed to that state, and that expenditures by a Presidential candidate for use in two (2) or more states shall be attributed to each state based on the voting age population in each state which can reasonably be expected to be influence by such expenditures.

Response to Threshold Audit Findings

During the threshold audit, the Committee was made aware of several areas (regional directors' salaries, consulting fees, and a time delay in receiving the expenditure information from the state offices) which resulted in state allocation problems. The Audit staff recommended that the Committee review its expenditures and file an amended FEC Form 3Pc reallocating the dollar value of those expenditures requiring allocation to the appropriate state(s), and provide copies of detailed working papers in support of the reallocation. As of October 10, 1980 the Committee had not filed an amended FEC Form 3Pc, however, in a letter dated August 20, 1980, the Committee Treasurer indicated that she felt the allocation of expenditures was adequate.

Post-Primary Audit

As a result of statistical sampling and other review procedures conducted during the post-primary audit, areas identified in the Threshold audit and additional areas were identified as containing State expenditure allocation errors. Since only the limitations relating to the states of Iowa, New Hampshire and South Carolina were approached by the Committee, an extensive review was made of allocations to these States.

Although State expenditure allocation errors were noted for the states of Iowa and South Carolina, our extensive review indicated that the respective limitations were not exceeded. Noted below are areas in which allocation errors exist with respect to the state of New Hampshire.

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1. Media Expense and Consultant Fees

On October 1, 1979, the Committee retained the services of a media consultant. The consultant's duties included assisting in the planning of all media advertising for the campaign and ordering the schedules for media advertising. In return for these services the consultant received a fee of $3,500.00 per week, in lieu of the standard 15% agency commission on all time and space placed.

Our review of the expenditure records pertaining to the media placements and the related state allocations revealed that the net payments (published rates less commissions) had been allocated to states, but the related consultant fees had not been allocated.

In addition, our review disclosed that the Committee used an unusually low allocation percentage (6%) when allocating a portion of the Boston television costs to New Hampshire. According to television industry information, the allocable percent to New Hampshire should be 13.3%. The Committee's allocation of 6% percent was taken from a study performed by an engineering consulting firm. The firm based this percentage on the ratio of the population by state contained within the area of a grade B contour 5/ for one (1) of the television stations considered reflective of the Boston/ New Hampshire market. However, the population figures used were taken from the 1970 U.S. Census figures. This method of allocating the television costs to New Hampshire appears to be deficient for the following reasons:

(a) the Audit staff noted that as of the date of the engineering study performed for the Committee, the U.S. Census Bureau had published revised Census figures as of 1977.

(b) one of the states within the Grade B contour is Rhode Island. The Committee did not allocate any portion of the Boston television costs to Rhode Island, however it utilized a portion of Rhode Island's population (per the Grade B contour) in the base to determine the New Hampshire allocation percentage. Since the Rhode Island primary occurred on June 3, 1980, it is our opinion that additional information is needed from the Committee to support the inclusion of Rhode Island's population in the base.

5/ The Grade B contour is the area within which the majority of households can receive a good reception from a television station's signal as defined in the Federal Communications Commission's rules and regulations Sections 73.683 through 73.685.

(c) another state within the Grade B contour is Connecticut. It should be noted that current industry information (1979-1980, ADI Book) does not consider any portion of the State of Connecticut within the area of television signal penetration.

(d) for all other states/markets in New England (except Boston), the Committee utilized the current industry information (1979-80, ADI Book) cited above, for the allocation of media.

Assuming that the total population figures used by the Committee (if adjusted for revised 1977 Census figures) are, in fact, reflective of the voting age population in the respective states, we believe for the reasons noted above, the method utilized by the Committee produces an unreasonable allocation with respect to New Hampshire.

Based on our analysis, utilizing the 1979-1980 ADI Book figures, of the fees paid and the method of allocating placement costs to New Hampshire, the Audit staff has determined that an additional $15,317.49 (fees and placement costs) should be allocated to New Hampshire.

Analysis of Committee Response

On December 22, 1980, the Committee submitted its response to the Commission approved interim audit report. In the response, the Treasurer stated:

> "The Audit Team is of the opinion that the method used by the Committee to allocate media expenses in New Hampshire is not acceptable. Their argument relies heavily on the fact that the Grade B Contour method was not applied in other states. The audit team does agree, however, that the Committee did not approach the state expenditure limit in any other state. Since the implementation of the Grade B Contour method involved a cost factor, the Committee did not feel it necessary to apply the more expensive but detailed allocation method to states other than New Hampshire. In addition, media costs in other states were generally incurred after the New Hampshire primary.
>
> It should be noted that prior to the implementation of the contour method, the general counsel of the committee contacted the Commission concerning media allocation methods. He was informed that although the method used in 1976 by many committees (13.3%) was acceptable, it was not the only method and that any reasonable method of allocation was acceptable. The Committee contracted a firm of engineers to do a scientific study of the New England media market. The Committee used this study as the basis of their allocation method and feels strongly that it is reasonable and therefore acceptable."

It is the opinion of the Audit staff that, in its response, the Committee has not demonstrated that its method of allocating media costs to New Hampshire is reasonable. Specifically, the Committee has not shown:

- that its use of 1970 U.S. Census figures versus revised Census figures as of 1977 is reasonable.

- the reasonableness of its use of the Grade B Contour for allocating the cost of Boston television to New Hampshire, while at the same time NOT using the respective Grade B Contour for allocating the cost of television advertisements emanating from the other New England states. The effect of the Committee's method is to preclude any allocation to New Hampshire for other than media broadcast from the Boston television stations. It should be noted that advertisements were broadcast from stations in several New England states, the signal penetration of which (per the respective Grade B Contour) reaches portions of New Hampshire.

- the reasonableness of not allocating the $3,500.00 per week fee received by the consultant to the states. As noted above, this weekly fee was in lieu of the standard 15% agency commission on all time and space placed.

Recommendation

The Audit staff recommends that the Commission reaffirm its determination of November 18, 1980, that an additional $15,317.49 in fees and placement costs be allocated to New Hampshire. Further, the Committee is to amend its state allocation schedule to reflect this adjustment within 30 days of receipt of this report.

2. Additional Adjustments to the Committee Allocated Totals for New Hampshire

a. Salary and Consulting Fees

The Threshold Report of the Audit Division made a procedural recommendation that the Committee allocate a portion of the salary or consulting fee for an individual's time while assigned and/or traveling within a particular state. During the Post Primary Audit, there appeared to be no change in allocation of these salaries or consulting fees as a result of the Threshold finding.

Our review initially determined that an additional $36,079.84 should be allocated to New Hampshire. The additional amount is based on our analysis of the amount of time spent by Committee staff in New Hampshire. In addition, costs associated with the operation of the Committee's New England Regional office were allocated by the Committee evenly to three New England states. The audit staff reviewed the volume of activity in each state and recalculated the allocable portions based on relative activity (amount of funds expended) in each state.

In its response, the Committee sets forth several considerations in support of its position that since it is impossible to know the percent (sic) of time the national staff spends on a particular state, that no allocation can be made.

> "(1) The Treasurer often does not know the percentage of time an individual spends in a state until months after a primary. There would be no way to monitor daily travel schedules in the heat of a campaign and therefore no way to estimate the allocable expense.
>
> (2) It is often the case that a member of the national staff may be in a particular state but in no way influencing the state primary anymore than if he/she were in the national headquarters. The candidate has very few available hours. In order to properly brief him, or discuss a sensitive issue, an individual must make himself available to the candidate wherever he may be.
>
> (3) In a presidential campaign, planning plays a major role. The fact that part of the national staff may be with the candidate in state A, it is often the case that they are spending time planning for the primary in state B or C."

With respect to the Audit staff's reallocation of costs associated with the operation of the Committee's New England Regional office, the Committee's written response is silent on this matter.

It is the opinion of the Audit staff that our additional allocation is reasonable and with respect to salaries and consulting fees follows the principle set forth in Advisory Opinion 1979-73 approved by the Commission on January 10, 1980.

Subsequent to the Committee's response, we met with the Treasurer and reviewed additional information and Committee worksheets not previously provided concerning salaries and consulting fees. As a result of our review, we determined that the additional amount allocable to New Hampshire should be $24,802.29.

Recommendation

The Audit staff recommends that the Commission make a final determination that an additional $24,802.29 in staff salaries, and costs (overhead and salaries) associated with the operation of the Committee's New England Regional office be allocated to New Hampshire. Further, the Committee is to amend its state allocation schedule to reflect this adjustment within 30 days of receipt of this report.

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Introduction to Findings II.B.2(b) through (e)

With respect to items 2(b) through 2(e) below, the Committee, in its written response, made several general statements, but did not specifically address the matters therein. The Committee's remarks were:

> "With respect to New Hampshire, there are a number of disagreements. After analyzing the FEC findings the Committee has found $35,000-$45,000 of duplicated or post primary expenditures allocated to New Hampshire. In addition, another $10,000-$15,000 Maine and Vermont expenses have been considered New Hampshire. Another factor overlooked is the press reimbursements which dramatically affect the allocable expenditures. I will gladly forward my worksheets to the auditors for review and request that the Committee and the auditors sit down together and review New Hampshire expenditures so that we may at least agree to our disagreements. At that time the Committee will gladly adjust its records to reflect the changes."

The Audit staff met with the Treasurer during the week of January 5, 1981 to review additional information and Committee worksheets not previously provided regarding the New Hampshire state allocation. As a result of our review, findings 2(b), (c)(i), and (e) remain unchanged from the interim report while finding 2(d) was revised per the additional information. Further, a repayment has been incorporated in Finding 2(c)(ii).

b. Outstanding Debt

A review of the Committee's Outstanding Campaign Obligations as of July 31, 1980, identified outstanding debts totalling $3,326.27 which were related to the Committee's campaign in New Hampshire. Payments were made on these debts totaling $3,326.27.

c. Tour Related Disbursements

i) Our review of the Committee's allocation of tour costs revealed that disbursements, totaling $10,516.54, had not been allocated to New Hampshire. 6/ The disbursements were associated with a 16 city New Hampshire tour, occurring on February 4 and 5, 1980, which included payments for hotel rooms, chartered buses, rental cars, and a representative portion of an individual's salary/consulting fee earned during the period of the tour. The hotel used by the Committee during the tour is located in Danvers, Massachusetts which is approximately 15 miles from the New Hampshire state line.

6/ The disbursements were made from the Massachusetts, New Hampshire, and National headquarters' accounts. Disbursements from the Massachusetts account were allocated to Massachusetts, certain disbursements from the National headquarters' account were also allocated to Massachusetts, but disbursements from the New Hampshire account were not allocated to New Hampshire.

The following is a recap of disbursements associated with the 16 city New Hampshire tour apparently originating from the hotel.

Hotel	$ 5,005.49
Salaries/Consulting Fees	3,674.47
Concord Coach Lines (Two (2) Bus Charters)	1,246.70
Rental Cars	589.88
Total	$10,516.54

ii) For the period February 10, 1980, through February 28, 1980, individuals associated with the Committee maintained rooms at the Sheraton Rolling Green Motor Inn (the hotel) located in Andover, Massachusetts which is approximately 10 miles from the New Hampshire state line.

The following is a recap of certain disbursements associated with tours apparently originating from the hotel.

Hotel	$26,810.00
Salaries/Consulting Fees	24,346.37
Concord Coach Lines (Eight (8) Bus Charters)	6,846.95
Rental Cars	1,435.80
Gasoline	1,213.97
Total	$60,653.09

Based on certain documentation supporting the above disbursements, (e.g., individual expense vouchers, invoices documenting charter bus routes, FEC schedules B-P (filed with the Committee by state offices), the Committee's tour manifest for the period 2/13/80 through 2/29/80, etc.), the Audit staff believes a substantial portion of the disbursements total noted above (c.ii) should be allocated to New Hampshire. 7/ Furthermore, six (6) of the eight (8) invoices supporting the bus charters did not show the tour routes and a determination of proper allocation could not be made.

In light of the fact that the Committee did not provide any additional information or worksheets concerning the above tour, the Audit staff has included this amount as allocable to the New Hampshire state limitation.

d. Other Vendor Payments

Our initial analysis of payments from the headquarter's operating accounts to vendors for postage, polling, direct mailing, telephone, office supplies, etc., revealed that additional payments totaling $76,819.12 should be allocated to New Hampshire.

7/ See footnote previous page

Subsequent to the Committee's response, we met with the Treasurer and reviewed additional information and Committee worksheets not previously provided concerning other vendor payments. As a result of our review, we determined that the additional amount allocable to New Hampshire should be $25,329.92.

e. Miscellaneous

Various tests associated with our review of the Committee's allocation system resulted in the identification of an additional allocation of $11,827.63, representing payments made (for miscellaneous expense reimbursements and supplies) related to New Hampshire campaign activity.

Recap of New Hampshire State Limitation

Amount per Committee	$280,364.48
Finding II.B.1.	15,317.49
Finding II.B.2.a.	24,802.29
Finding II.B.2.b.	3,326.27
Finding II.B.2.c.i)	10,516.54
Finding II.B.2.c.ii)	60,653.09
Finding II.B.2.d.	25,329.92
Finding II.B.2.e.	11,827.63
Total Amount Allocable to New Hampshire per the Audit staff	$432,137.71*
Less New Hampshire State Limitation	(294,400.00)
Amount in Excess of Limitation	$137,737.71

Overall Recommendation (Finding II.B.(1) and (2))

It is the Audit staff's recommendation that the Committee amend its state allocation schedule to reflect the additional $151,773.23 chargeable to the New Hampshire state limit within 30 days of receipt of this report. Further, it is recommended that the Commission make a final determination that the amount ($137,737.71) in excess of the New Hampshire state limit be considered a non-qualified campaign expense and repayable to the U.S. Treasury (see finding III.B.1. for repayment discussion).

* The additional amount chargeable to New Hampshire is $151,773.23 ($432,137.71 less $280,364.48).

C. Contributions Received after the Primary Election

Section 110.1(a)(1) of Title 11 of the Code of Federal Regulations states that no person (except multicandidate committees under section 110.2) shall make contributions to any candidate, his or her authorized political committees or agents with respect to any election to Federal office which in the aggregate exceed $1,000.

Section 110.1(a)(2) of Title 11 of the Code of Federal Regulations states that "with respect to any election" means -

(i) In the case of a contribution designated in writing for a particular election, the election so designated, except that a contribution made after a primary, caucus or convention, and designated for the primary election, caucus or convention shall be made only to the extent that the contribution does not exceed net debts outstanding from the primary election, caucus or convention.

(ii) In the case of a contribution not designated in writing for a particular election,

(A) For a primary election, caucus or convention, if made on or before the date of the election, caucus or convention, or

(B) For a general election if made after the date of the primary election.

Based upon 26 U.S.C. 9032.(6)(A), 11 C.F.R. 9032.6(b)(1) and 9033.5(c) the Commission determined that the primary election period for the candidate ended July 16, 1980, when the Republican Party nominated the candidate for the office of President of the United States. On July 31, 1980, the Committee filed a Statement of Net Outstanding Campaign Obligations which reflected a net surplus of $2,514,000 for the primary election.

The Audit staff's review of deposits between July 17, 1980, and October 1, 1980, revealed that the Committee deposited contributions (dated after July 16, 1980) totaling $85,946.47 (net of non-negotiable items) into its campaign depositories and, as of October 6, 1980, retained the contributions therein. According to Committee receipt processing personnel, no special treatment was given these contributions.

The Audit staff recommended in the interim report that within 30 days of receipt of this report the Committee should either:

a) refund the $85,946.47 to the contributors and provide evidence of the refunds (i.e., front and back of each cancelled refund check) to the Audit Division;

b) dispose of the contributions for the purpose(s) outlined at 2 U.S.C. 439a and provide evidence of the disposal, such as that addressed in item a); or

c) notify the contributors, pursuant to 11 C.F.R. 9003.3 (a)(1)(iii), that the contributions will be deposited in the general election legal and compliance fund. If after such notification the contributors object to the funds being so used, or the contributors have already contributed $1,000 (statutory limit) to the legal and compliance fund, the contributions should be refunded in the manner prescribed in item (a).

The Committee responded to the interim report on December 22, 1980. In the response, the Treasurer stated that "pursuant to 2 U.S.C. 439(a), Reagan for President has disposed of all contributions received after the date of nomination (emphasis added). This was accomplished by transferring the $85,946.47, as well as an additional $164,053.53, to the Presidential Transition Fund." The Treasurer provided a photocopy of the check.

Our audit work conducted in December, 1980, indicated that the Committee had received approximately $322,617.39 (net) in contributions during the period 7/17/80 thru 12/19/80. Of this amount $156,882.99 represented contributions dated 7/16/80 or before, while the remainder ($165,734.40) represented contributions dated 7/17/80 or after. Therefore, it is our opinion that the Committee has properly disposed of the amount of contributions ($165,734.40) which it could not retain given its surplus position on July 16, 1980. It should also be noted that while 11 C.F.R. 110.1(a)(2) requires the disposition of the $165,734.40, in view of the fact that the Committee has a calculated residual after repayment to the U.S. Treasury in excess of $1,800,000.00, the remainder ($85,946.47) of the $250,000 transferred is also permissible under 2 U.S.C. 439a.

Recommendation

With respect to the transfer of the $250,000.00 to the Presidential Transition Fund, the Audit staff is of the opinion that the transfer is permissible under 2 U.S.C. 439(a), and recommends no further action.

D. Disclosure of Debts and Obligations

Section 434(b)(8) of Title 2 of the United States Code (formerly 2 U.S.C. 434(b)(12)) requires disclosure of the amount and nature of debts and obligations owed by or to such political committee; and a statement as to the circumstances and conditions under which such debts or obligations were extinguished, and the consideration therefore.

Section 104.11(a) and (b) of Title 11 of the Code of Federal Regulations states, in part, that debts and obligations which remain outstanding shall be continuously reported until extinguished. A debt, obligation, or other promise to make an expenditure, the amount of which is $500 or less, shall be reported as of the time payment is made or no later than 60 days after such obligation is incurred, whichever comes first. Any loan, debt or obligation, the amount of which is over $500 shall be reported as of the time of the transaction.

1. Response to Threshold Audit Findings

The Audit staff noted a $100,000 loan received from the Santa Monica Bank on September 6, 1979 for which the reported nature (details of the debt) on Schedule C-P consisted of only "Bank Loan". Additionally, the staff noted a letter of credit for which the Committee had not disclosed the $30,000 initial increment.

The Committee did acknowledge the initial $30,000 increment in a letter dated August 20, 1980. However, as of October 10, 1980, no information had been received concerning the nature of the bank loan.

2. Post-Primary Audit

a) Line of Credit

The Audit staff noted a line of credit established with Riggs National Bank. During the post-primary audit period the Committee had exercised and received $4,320,000 in loans against the line of credit. As the loans were received, the Committee disclosed on the applicable Schedules A-P, Line 20:

"Loan - No Guarantor
Secured by Matching Funds;
Payable 6/30/80"

The review of Schedules C-P Line 13 of the applicable reports which contained the debts and obligations portion of the loans, revealed that the Committee did not disclose the nature of the obligations (details of the debt, collateral, if any, interest rate, etc.)

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Moreover, an analysis of this matter performed subsequent to the Threshold Audit indicated that the candidate provided his conditional guaranty.

b) Accounts Payable

Our examination of the Committee's documents and disclosure reports, and a comparison thereof revealed that the Committee had been improperly reporting debts and obligations during the period February 1, 1980 through May 31, 1980.

Our testing indicated that debts and obligations were not properly disclosed on Schedule C-P for Line 13 with respect to the itemization of the obligation and the liquidation thereof. However, it was noted that these debts and obligations were paid and disclosed on the appropriate expenditure schedules.

The interim audit report, approved by the Commission on November 18, 1980, contained the following recommendations:

With respect to item 1), the Audit staff recommends that within 30 days of receipt of this report, the Committee file an amended report fully detailing on Schedule C-P Line 13 the nature of the Santa Monica Bank loan (Threshold audit finding).

For item 2a relating to the Riggs National Bank loans, it is recommended that within 30 days of receipt of this report, the Committee file an amended report(s) fully detailing on Schedule C-P, Line 13 the nature of these loans to include collateral, interest rates, and endorsements (if any), for each loan exercised against the line of credit.

With respect to item 2b), the Audit staff recommends that since testing has given assurance that all recognized debts and obligations were liquidated, no amendments to Schedule C-P are required on an item by item basis. However, it is the Audit staff's recommendation that within 30 days of receipt of this report, the Committee submit a statement for the public record, signed by the Treasurer, indicating that all recognized debts and obligations have been liquidated as of a given reporting date and that commencing with the next regularly scheduled disclosure report, debts and obligations will be reported as required by the Act.

On December 22, 1980, the Committee presented the amendments noted above in response to the interim report.

Recommendation

Since the appropriate amendments have been filed, we recommend no further action.

E. Earmarked Contributions

Section 110.6(a) of Title 11 of the Code of Federal Regulations states that all contributions by a person made on behalf of or to a candidate, including contributions which are in any way earmarked or otherwise directed to the candidate through an intermediary or conduit, are contributions from the person to the candidate.

Section 110.6(c)(3) of Title 11 of the Code of Federal Regulations requires the intended recipient to disclose on his next report each conduit through which the contribution passed.

1. Response to Threshold Audit Findings

The Audit staff notified the Committee that the conduit(s) through which 49 earmarked contributions, totaling $4,870.00, had passed had not been disclosed. The Audit staff recommended that an amendment be filed not later than August 6, 1980, to disclose the conduit(s). As of October 10, 1980, the Committee had not filed this amendment, although in a letter dated August 20, 1980, the Treasurer indicated that an amendment would be filed. The Treasurer also stated that the conduits were not disclosed because they were informed by a former Commission employee that disclosure of the conduit was unnecessary.

2. Post-Primary Audit

This finding includes matters noted in the Threshold audit period as well as those noted in the Post-Primary audit period. The Audit staff noted 134 earmarked contributions, totaling $13,274.75 that were received and reported as though they were individual contributions (i.e., non-earmarked). As of October 10, 1980, the Committee had not disclosed on its reports the conduit(s) through which the contributions passed.

On December 22, 1980, the Committee filed the appropriate amendment in response to the recommendation contained in the interim audit report.

Recommendation

The Audit staff recommends no further action regarding this matter since the requested amendment has been filed.

F. Contributions Received From Non-Affiliated Committees

Section 434(b)(3)(B) of Title 2 of the United States Code (formerly 2 U.S.C. 434(b)(4)) requires disclosure of the identification of each political committee which makes a contribution to the reporting committee during the reporting period, together with the date and amount of any such contribution.

1. Response to Threshold Audit Findings

The Audit staff concluded that 17 contributions totaling $4,755.79 received from non-affiliated committees had not been itemized on the Committee's disclosure reports. The Audit staff recommended that an amendment be filed not later than August 6, 1980. The Committee filed the amendment on September 12, 1980, itemizing the contributions.

2. Post-Primary Audit

During the receipts review, the Audit staff noted 19 contributions, totaling $8,018 received from non-affiliated committees which had not been itemized on the Committee's disclosure reports. Additionally, one (1) contribution for $105, was incorrectly itemized at $800.

The Committee also disclosed in memo entry form, as well as in unitemized receipts, a contribution of $2,675 as an earmarked contribution. The contribution was received from a multi-candidate committee. Based on the documentation presented, this contribution does not meet the criteria for an earmarked contribution as defined in 11 C.F.R. 110.6(b) and should be disclosed as a contribution from a non-affiliated committee.

An amendment which adequately disclosed the aforementioned contributions from non-affiliated committees was filed with the Commission on December 22, 1980 in response to the interim audit report.

Recommendation

The Audit staff recommends no further action regarding this matter.

G. Disclosure of Refunds

Section 434(b)(3)(F) of Title 2 of the United States Code requires the disclosure of the identification of each person who provides a rebate, refund, or other offset to operating expenditures to the reporting committee in an aggregate amount or value in excess of $200 within the calendar year, together with the date and amount of such receipt.

The receipts review revealed that the Committee did not itemize eight (8) refunds totaling $19,109.50 which exceeded, or when aggregated with other refunds from the same person within the calendar year were in excess of $200, and incorrectly itemized a $12,623 refund at $18,623. In the Committee's report for September, 1980, the $12,623 refund was corrected.

On December 22, 1980, the Committee filed an amendment itemizing the refunds as required.

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Recommendation

Since the requested amendment has been filed, the Audit staff recommends no further action.

H. Other Income

Section 434(b)(3)(G) of Title 2 of the United States Code requires the disclosure of any person, who provides any dividend, interest, or other receipts to the reporting committee in an aggregate amount of value in excess of $200 within the calendar year together with the date and amount. Additionally, 2 U.S.C. 431(11) defines the term "person" to include an individual, partnership, association, corporation, labor organization or any other organization or group of persons.

During the receipts review, the Audit staff noted that the Committee received $1,809.44 in interest income from a time certificate of deposit, which was not itemized as required. The interest income represented approximately 29.1% of the total dollar amount of such receipts as of July 31, 1980.

The Assistant Treasurer stated that this receipt was inadvertently reported as an unitemized contribution and expressed a willingness to file an amended report. The Committee included in its report for September, 1980, the $1,809.44 in interest income mentioned above.

On November 18, 1980, the Commission approved the Audit staff's recommendation that no further action is necessary on this matter.

I. Financial Activity Not Accurately Stated

Section 434(b)(1), (2) and (4) of Title 2 of the United States Code (formerly 2 U.S.C. 434(b)(1),(8) and (11)) requires disclosure of the amount of cash on hand at the beginning of the reporting period; and the total sum of all receipts and expenditures.

1. Response to Threshold Audit Findings

The Audit staff noted that (a) reported receipts were understated $11,602.16, (b) reported expenditures were understated $37,404.13 and (c) ending cash at December 31, 1979 was overstated $25,801.97. This was primarily caused by the untimely receipt of expenditures information from state offices and accounts. In addition, one (1) set of bank statements and cancelled checks was not available for review at the time of the Threshold audit and the activity for that account could not be accounted for. The recommendation contained in the Threshold Audit report stated that the bank records be made available not later than August 6, 1980. On October 3, 1980, the records were made available, however, the activity in the account did not have a material bearing upon the financial activity noted above. In addition, the Audit staff noted that a substantial amount of the above activity was included in the 1980 disclosure reports. Procedural recommendations were made in the Threshold audit report concerning the time lag in disclosing expenditure activity relating to state office operations.

2. Post-Primary Audit

The reconciliation of the Committee's bank records to its disclosure reports covering the period 1/1/80 thru 7/31/80, indicated that (a) reported opening cash was understated $1,939.29, (b) reported receipts were understated $22,843.67, (c) reported expenditures were understated $160,222.52 and (d) reported closing cash on July 31, 1980, was overstated $135,439.56. It appears that the differences were primarily caused by including as cash on hand the value of funds transferred from national headquarters bank accounts to various state office accounts until receipt of expense reports from the state offices. Thus, these funds were classified as "unspent" by the Committee because, as of July 31, 1980, the expenditure documentation/expense reports had not been received from the state offices and accounts for inclusion in the disclosure reports. It is apparent that the Committee did not institute additional control procedures to ensure timely receipt of expenditure information from state offices, as recommended in the Threshold audit report.

The Committee disclosed on its reports for the months of August and September, 1980, receipts of $10,489.64 and expenditures of $139,192.25 relating to the time lag problem mentioned above.

Further, the Committee substantially disclosed the remainder of the receipts and expenditures on its reports covering the period October 1, 1980 through November 24, 1980.

Recommendation

In light of the fact that disclosure has been effected, the Audit staff recommends no further action.

J. Campaign Tours

Section 9033(a)(1) and (2) of Title 26 of the United States Code requires candidates who receive payments under Section 9037 to obtain and furnish to the Commission any evidence it may request of qualified expenses, and keep and furnish to the Commission any records, books and other information it may request.

Section 432(c)(5) of Title 2 of the United States Code states, in part, that the Treasurer of a political committee shall keep an account of the name and address of every person to whom any disbursement is made, the date, amount and purpose of the disbursement.

The Audit staff noted that the Committee charges 150% of first class air fare for each media individual and approximately 100% of first class for United States Secret Service Agents travelling on Committee chartered aircraft. The 50% charge is added to cover the ground services and facilities (i.e., ground transportation, meals, telephone service, typewriters, etc.) which according to the Committee, are made available to these persons traveling on Committee chartered aircraft. We were unable to determine the ground costs associated with the Committee tours #4 through #26. According to the Committee, these costs were paid by the Committee's state offices, and documentation in support of the costs could not be readily identified. However, for tours 14, 16, 17, 18, 19, 20, and 26, the Committee billed the media and United States Secret Service for reimbursement equal to or substantially in excess of the actual total cost of the charter air transportation to be paid by the Committee for these tours.

Absent Committee demonstration to the contrary, any income realized in conjunction with the tours may have an impact on expenditure limitations discussed in Finding II.A.2. and III.B.2.

On November 18, 1980, the Commission approved the recommendation of the Audit Division contained in the interim report that within 30 days of receipt of the report the Committee review the state office records and identify the ground costs associated with tours #4 through #26. Further, the Committee was requested to provide the Audit staff with copies of documentation and working papers (inclusive of bank account and check number, date, amount, payee, and associated tour) supporting the associated ground cost for each tour. Upon receipt of the documentation and working papers, the Audit staff would review the reasonableness of applying reimbursements received based on the 150% charge as a reduction of expenditures subject to the limitation.

The Committee has not complied with the recommendation as stated, however, on December 22, 1980, the Committee responded that:

"Until September of 1980, presidential campaign committees were not required to keep separate records of ground costs to press and secret service. The Committee billed the press 150% as has been the practice of a number of presidential committees in 1976 and again in 1980. In the threshold audit no mention was made by the auditors that separate records of tour expenses would be required.

Now, six months after the primary election has ended, the auditors request that the Committee supply detailed ground transportation costs to prove that no profit was made on 7 out of 26 tours. They agree, however, that the Committee did not make a profit on the other 19, apparently even taking a loss on the 19 tours. Considering that:

(1) regulations required no such details of records during that period;

(2) numerous campaigns have in the past used 150% as a rule of thumb, and the Commission has never questioned the reasonableness of the practice;

(3) the apparent indication that the Committee took a loss on 19 out of 27 tours;

(4) the audit team has found no reason to believe that a profit has been made but has instead told the Committee to prove none has.

The Committee feels the Audit Team is not justified in requesting a detailed study of tour expenses in this after-the-fact manner to prove something that seems apparent. It should be kept in mind that when the Committee agreed to supply records to the Federal Election Commission, it was done so with the understanding that the law was premised on reasonableness, otherwise it would violate the due process clause of the 5th Amendment."

It should be noted that the Audit staff disagrees with the Committee's statement that "They agree, however, that the Committee did not make a profit on the other 19, apparently even taking a loss on the 19 tours." Attachment I is a chart of tours #4 through #26 which details the net profit or (loss) to the Committee based solely on air charter costs.

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Based on the above analysis of tours #4 through #26, the Committee's maximum net profit realizable totals $142,990.78. Therefore, it is the opinion of the Audit staff that the operating expenditures subject to limitation, as reported, are/will be understated by $142,990.78 when all reimbursements are received.

According to Committee tour records, as of December 20, 1980, $10,986.00 in billings remain outstanding.

Recommendation

Since the Committee has failed to identify the ground costs associated with the tours, the Audit staff recommends that the Commission determine $142,990.78 be added to the Committee's expenditures subject to the limitation of 2 U.S.C. 441a(b)(1)(A) as adjusted by 2 U.S.C. 441a(c) (See Finding II.A.)). Further, within 30 days of receipt of this report the Committee is to file an amended report to reflect this adjustment.

III. Findings Related to Title 26 of the United States Code Determination of Net Outstanding Campaign Obligations and Repayment to the U.S. Treasury

A. Excessive Payments From the Matching Payment Account

Section 9038(b)(1) of Title 26, United States Code, states that if the Commission determines that any portion of the payments made to a candidate from the matching payment account was in excess of the aggregate amount of payments to which such candidate was entitled under section 9034, it shall notify the candidate, and the candidate shall repay to the Secretary an amount equal to the amount of excess payments.

Further, 11 C.F.R. 9034.1(a) states, in part, that a candidate who has become ineligible under 11 C.F.R. 9033.5 may not receive further matching payments regardless of the date of deposit of the underlying contributions if he or she has no net outstanding campaign obligations as defined in 11 C.F.R. 9034.5. 8/

8/ Commission regulations at 11 C.F.R. Section 9032.6 provide that the date on which a party nominates its candidate for president is the end of the matching payment period for a candidate seeking the presidential nomination of that party. 11 C.F.R. Section 9033.5(c) provides that the last day of the matching payment period is the date of ineligibility for candidates who have not previously been determined ineligible pursuant to 11 C.F.R. Sections 9033.5(a) or (b). Since Ronald Reagan was nominated as the Republican Party's presidential candidate at its national convention on July 16, 1980, that date is the date of Mr. Reagan's ineligibility.

1. Payment of Matching Funds After the Date of Ineligibility

As noted above, the candidate's date of ineligibility was July 16, 1980. On July 17, 1980, the Committee received a matching fund payment of $179,292.63. The Statement of Net Outstanding Campaign Obligations ("NOCO") which the Committee submitted on July 31, 1980, reflected a surplus position of $2,514,000. Since the candidate did not have net outstanding campaign obligations (debts), and the Committee received payment after the candidate's ineligibility date, the matching funds received ($179,292.63) constituted an excessive payment which is repayable to the U. S. Treasury pursuant to 26 U.S.C. Section 9038(b)(1).

On November 18, 1980, the Commission approved the interim audit report which recommended that $179,292.63 for the payment described above was repayable to the U.S. Treasury pursuant to 26 U.S.C. 9038(b)(1). On December 22, 1980, the Committee presented a check, a portion of which represented the repayment of the amount noted above.

Amount Repaid (Item A-1) $179,292.63.

2. Excessive Payment Made Prior to Candidate's Date of Ineligibility

On July 3, 1980, a certification for payment of $922,128.24 was made to the U.S. Treasury which resulted in the Committee's receipt of a $922,128.24 payment from the U.S. Treasury on this same date. The amount certified for payment was determined by applying a holdback percentage of 5.2% to the amount requested ($973,000.16 x 94.8% = $922,404.15 less miscellaneous prior period adjustments of $275.91 = $922,128.24). The holdback percentage is based on the average matchable percentage of the Committee's four prior submissions. In this instance, the holdback percentage when compared to the actual matchable percentage was understated by 2.15% which resulted in an overpayment of $20,900.83 (i.e., actual matchable percentage 92.65 less 94.8%, percentage applied).

An adjustment of -$20,900.83 was applied to the submission received on July 14, 1980 to arrive at the amount paid ($179,292.63) on July 17, 1980. In other words, on July 3, 1980, the Committee received $20,900.83 in matching funds over and above the amount to which it was entitled, based on the matchable contributions submitted.

The Committee was in a surplus position (minimum surplus amount of $2,514,000 per Committee's NOCO statement) on July 16, 1980. Therefore, the adjustment of $20,900.83 applied to the submission of July 14, 1980, is viewed as an overpayment in the same manner as the $179,292.63 discussed in Item A-1 above.

On November 18, 1980, the Commission approved the interim audit report which recommended that $20,900.83 for the payment described above was repayable to the U.S. Treasury pursuant to 26 U.S.C. 9038(b)(1). On December 22, 1980, the Committee presented a check, a portion of which represented the repayment of the amount noted above.

Amount Repaid (Item A-2) $ 20,900.83.

B. Apparent Non-Qualified Campaign Expenses

1. Expenditures in Excess of State Limitation

As previously reported in Findings II.B.1 and 2 the Audit staff identified expenditures in excess of the state limitation for New Hampshire totaling $137,737.71.

On November 18, 1980, the Commission approved the recommendation of the Audit staff that the Committee be requested to show within 30 days of receipt of the interim audit report that the state expenditure limitations had not been exceeded. Further, absent such a showing, a determination would be made regarding an amount required to be repaid to the U.S. Treasury.

The Audit staff reviewed the Committee response to the interim report and made revisions to the additional amounts allocable to the New Hampshire state limit.

Recommendation

The Audit staff recommends that these expenditures totaling $137,737.71 be considered non-qualified campaign expenses, and the value be repaid in full to the U.S. Treasury within 90 days of receipt of this report. Further, the Committee is afforded 30 days from receipt of this report to present legal or factual materials to show that a repayment is not required (see 11 C.F.R. 9038.2(b)).

2. Expenditures in Excess of the Overall Limitation

As previously noted in Finding II.A.2., the Audit staff identified expenditures which appeared to be in excess of the overall limitation for the period 2/26/79 through 8/31/80 totaling $232,566.12 in the interim report.

On November 18, 1980, the Commission approved the recommendation of the Audit staff that the Committee be requested to show within 30 days of receipt of the interim audit report that the overall expenditure limit had not been exceeded. Further, absent such a showing, a determination would be made regarding an amount required to be repaid to the U.S. Treasury.

The Audit staff reviewed the Committee response to the interim report and although a reclassification of certain expenditures subject to the limit to the exempt legal and accounting category was filed by the Committee, it is our opinion that the Committee has not adequately demonstrated that it did not exceed the overall limitation contained at 2 U.S.C. 441a(b)(1)(A).

Recommendation

Therefore, it is recommended that the value ($77,387.82) of the expenditures in excess of the overall limitation be considered non-qualified campaign expenses, and be repaid in full to the U. S. Treasury within 90 days of receipt of this report. Further, the Committee is afforded 30 days from receipt of this report to present legal or factual materials to show that a repayment is not required (see 11 C.F.R. 9038.2(b)).

C. Determination of Net Outstanding Campaign Obligations-Surplus

Section 9038(b)(3) of Title 26, United States Code, states, in part, that after all obligations have been liquidated, that portion of any unexpended balance remaining in the candidate's accounts which bears the same ratio to the total unexpended balance as the total amount received from the matching payment account bears to the total of all deposits made into the candidate's account shall be promptly repaid to the matching payment account.

In addition, Section 9038.3(c)(1) of Title 11, Code of Federal Regulations provides that if on the last day of candidate eligibility the candidate's net outstanding campaign obligations, as defined in 11 C.F.R. 9034.5 reflect a surplus, the candidate shall within 30 days of the ineligibility date repay to the Secretary of the Treasury an amount which represents the amount of matching funds contained in the candidate's surplus. The amount shall be an amount equal to that portion of the surplus which bears the same ratio to the total surplus that the total amount received by the candidate from the matching payment account bears to the total deposits made to the candidate's accounts.

1. Calculations of Surplus and 26 U.S.C. 9038(b)(3) Repayment Amount

The initial NOCO statement filed on July 31, 1980, presented the financial position as determined by the Committee with respect to assets, liabilities and surplus funds as of July 17, 1980. In addition, total matching funds received, total deposits as described at 11 C.F.R. 9038.3(c)(2), payback % and an estimated payback amount were listed which were also compiled by the Committee. During audit fieldwork conducted in August and September 1980, the Audit staff reviewed the Committee's books and records to verify the figures on the Committee's NOCO statement. The Audit staff prepared a revised NOCO statement. Based on audit work conducted as of October 10, 1980, utilizing the records available, the Audit staff concluded that as of July 16, 1980, the Committee's assets exceeded liabilities (obligations) by at least $3,063,114.67. Further, it was noted that revisions would be made to this surplus figure upon receipt of additional information relating to certain assets of the Committee.

The Audit staff computed a figure for net deposits as defined at 11 C.F.R. 9038.3(c)(2) and total matching funds received. Adjustments were made to both figures in view of the $200,193.46 recommended recovery of matching funds discussed at Item III A-1 and A-2.

On November 18, 1980, the Commission approved the Audit staff's recommendation that, absent a showing to the contrary within 30 days of receipt of the interim audit report, that $1,033,353.99 was repayable to the U.S. Treasury in accordance with 26 U.S.C. 9038(b)(3). This amount represented the pro rata portion of Federal funds (based on audit work performed as of October 10, 1980), contained in the Committee's surplus ($3,063,114.67) on the Candidate's date of ineligibility.

Analysis of Committee Response

On December 22, 1980, the Audit staff received the Committee's response with respect to the calculation of surplus and the associated amount to be repaid to the U.S. Treasury. The Committee presented a revised NOCO statement, as of July 16, 1980, and a check representing the amount which the Committee determined as repayable to the U.S. Treasury. The portion of the check relating to the surplus repayment amounted to $754,044.67.

The Treasurer stated in the response that the Committee did not agree with the "Audit Team's" NOCO statement, but, as noted above, has chosen to repay the Treasury at this time an amount it has determined is payable.

Subsequent to the receipt of the revised NOCO statement, the Audit staff met with the Assistant Treasurer to discuss the various differences resulting in the lower repayment amount. With the exception of the Accounts Receivable figure, agreement was reached on the remainder of the components making up the Committee's financial position as of July 16, 1980. (see Attachment II).

As shown on Attachment II, the Committee disagrees with the inclusion of $156,882.75 in individual and political committee contributions dated July 16, 1980 or before, but received July 17, 1980 or after. The Audit staff has included the value of these contributions based upon our interpretation of 11 C.F.R. Section 110.1(a)(2) which states that "with respect to any election" means -

(i) In the case of a contribution designated in writing for a particular election, the election so designated, except that a contribution made after a primary, caucus or convention, and designated for the primary election, caucus or convention shall be made only to the extent that the contribution does not exceed net debts outstanding from the primary election, caucus or convention.

(ii) In the case of a contribution not designated in writing for a particular election,

(A) For a primary election, caucus or convention, if made on or before the date of the election, caucus or convention, or

(B) For a general election if made after the date of the primary election.

In our opinion, the contributors' checks which were dated on or before the date of the nomination (July 16, 1980) were contributions made for the primary election and therefore includable as assets of the primary for purposes of calculating net outstanding campaign obligations (see Finding II.C. for a discussion of contributions dated and received after the primary election (July 16, 1980)).

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Based on our analysis of the Committee's books and records, the amount subject to repayment in accordance with 26 U.S.C. 9038(b)(3) is shown below.

$$\frac{\text{total matching funds received}}{\text{total deposits}} \times \text{surplus} = \text{26 U.S.C. 9038(b)(3) repayment amount}$$

$$\frac{\$7,094,268.10}{\$20,984,024.22} \times \$2,818,512.61 = \$952,879.92$$

As stated above, the Committee has repaid $754,044.67, leaving a balance due the U.S. Treasury of $198,835.25.

Recommendation

It is the recommendation of the Audit staff that the Committee be required to repay $198,835.25 to the U.S. Treasury within 90 days of receipt of this report pursuant to 26 U.S.C. 9038(b)(3). Further, the Committee is afforded 30 days from receipt of this report to present legal or factual materials to show that a repayment is not required (see 11 C.F.R. 9038.2(b)).

Repayment Summary

Finding III.A.1.	Payment of Matching Funds After the Date of Ineligibility	$179,292.63
Finding III.A.2.	Excessive Payment Made Prior to Candidate's Date of Ineligibility	20,900.83
Finding III.B.1.	Expenditures In Excess of State Limitation	137,737.71
Finding III.B.2.	Expenditures In Excess of the Overall Limitation	77,387.82
Finding III.C.1.	Repayment of Surplus Funds	952,879.92
	Subtotal-Recommended Repayment	$1,368,198.91
	Less Repayment made for Finding III.A.1.	(179,292.63)
	Less Repayment made for Finding III.A.2.	(20,900.83)
	Less Partial Repayment made for Finding III.C.1.	(754,044.67)
	Total Recommended Repayment Remaining	$413,960.78

Pursuant to Section 9038.2 of Title 11 of the Code of Federal Regulations the amount in the above Repayment Summary ($413,960.78) is repayable to the United States Treasury within 90 days of receipt of this report. If the candidate disputes the Commission's determination that a repayment is required, he may submit in writing, within 30 days of receipt of this report, legal or factual materials to demonstrate that a repayment is not required.

9/ This amount is subject to change.

D. Valuation of Committee Assets

1. Assets Purchased by Reagan For President General Election Committee *

In June, 1980, the Reagan For President General Election Committee ('the GEC") was invoiced by the Committee for $10,668.64 representing the "present worth" (as determined by the Committee) of office furniture and machines purchased by the GEC for use in the general election campaign. Payment for the goods was made on October 3, 1980, by check drawn on a GEC account.

The Audit staff reviewed the invoice and believes the valuation is deficient. The Commission's regulations at 11 C.F.R. 100.7(a)(1)(iii)(A) and (B) may permit a valuation similar to that utilized by the Committee, however,

> "if goods or services are provided at less than the usual and normal charge, the amount of the in-kind contribution is the difference between the usual and normal charge for the goods or services at the time of the contributions and the amount charged the political committee."

"Usual and normal charge" means the price of those goods in the market from which they ordinarily would have been purchased at the time of the contribution (emphasis added, see 11 C.F.R. 100.7 (a)(1)(iii)(B)).

In this instance, the GEC is precluded from accepting a contribution from the Committee in view of the fact that the GEC received the full entitlement from the Fund ($29,440,000) and the contribution (the usual and normal charge for the goods, less amount paid) was not specifically solicited for the candidate's legal and accounting compliance fund (see 11 C.F.R. 9003.2(a)(2), proposed at the time of the transaction). Rather the equipment is being utilized for and was paid from the GEC operating account containing federal funds.

It is the opinion of the Audit staff that the GEC has accepted an in-kind contribution from the Committee equal to the difference between the "usual and normal charge" for such goods and the "present worth" purchase price paid for the goods by the GEC. The Treasurer of the Committee stated that the valuation method produces a reasonable approximation of the "present worth" of the equipment.

* On August 5, 1980, the name of the general election committee was changed to Reagan For President General Election Committee and/or Reagan Bush Committee in an amendment to the Committee's Statement of Organization filed with the Commission.

It is the Audit staff's opinion that the Committee's "present worth" valuation method produces an unreasonably low valuation. The method "forces" a zero value on the items as of November 1, 1980, merely four (4) months after being acquired by the GEC and only 18 months after acquisition by the Committee. Hence, it is evident that the "present worth" valuation (i.e. 18 month straight line depreciation) of the items differs to a significant degree from the "usual and normal charge" as defined at 11 C.F.R. 100.7(a)(1)(iii)(B).

On November 18, 1980, the Commission approved the Audit staff's recommendation that within 30 days of receipt of this report, that the Committee be required to prepare a valuation of the items based on the "usual and normal charge" for such goods. The amount of the contribution, as determined by the Commission, should be reimbursed to the Committee by the GEC to obviate the acceptance of a contribution on the part of the GEC and the making of a contribution by the Committee. Further, the Committee is to provide the basis and associated working papers for the Audit staff's review.

On December 22, 1980, the Committee submitted a revised valuation. The Audit staff reviewed the valuation and after adjustments to correct quantities and purchase prices for certain items listed, it is our opinion that a valuation of $50,260.92* is reasonable.

In addition, as a result of information developed during follow-up audit fieldwork in December, 1980, a valuation for capital assets on hand at 7/16/80 was calculated. The value ($51,378.07) is included in the NOCO calculation at Attachment III.

Recommendation

The Audit staff recommends that within 30 days of receipt of this report the Committee invoice the GEC $39,592.28 ($50,260.92 less $10,668.64 payment received) and obtain said payment to obviate the acceptance of a contribution on the part of the GEC and the making of a contribution by the Committee. Further, the Committee should within the 30 day period submit documentation (copy of invoice) to the Audit staff and disclose the said payment on its next regularly scheduled report.

* The value placed on the items by the Committee amounted to $45,254.12.

2. Committee Assets Utilized by the GEC Without Compensation

In conjunction with our review of the Committee's NOCO statement, several items were noted which were apparently being used by the GEC in connection with the candidate's general election campaign. These items included: two (2) postage machines, 12 electronic communication devices, one (1) word processor, one (1) mail opening machine and an electric message sending device. The purchase price of these items is at least $28,566.88 and these items were apparently purchased during the period March, 1979 through June, 1980. These items were discussed with the Treasurer of the Committee and she agreed to ascertain whether or not these items were being used by the GEC and if so, to invoice the GEC an amount for the usage/value of such items.

On November 18, 1980, the Commission approved the recommendation of the Audit staff that the Committee place a value on these goods and bill the GEC accordingly to preclude the acceptance of a contribution by the GEC and the making of a contribution by the Committee. The Committee placed a reasonable value on the goods and/or agreed to the classification as capital assets as of 7/16/80. The valuation and disposition of these items are discussed at Finding III.D.1 above.

3. In-kind Contribution to the Reagan For President General Election Compliance Fund *

Our review of the Committee's assets revealed that a portion of the office furniture and machines used by the Committee during the Primary campaign was transferred to the GEC Compliance Fund for use during the general election campaign. The Committee did not disclose the transfer on its Report of Receipts and Expenditures nor did the GEC Compliance Fund disclose the receipt. The Committee, pursuant to our request, was to prepare a listing of the equipment transferred to the GEC Compliance Fund. It was noted that in all likelihood, the entire value of the equipment might not be viewed as solely to insure compliance with the Act and therefore not a permissible contribution in its entirety (see 11 C.F.R. 9003.3(a)(2)). It was requested that the Committee obtain from the GEC a breakdown showing compliance vs. non-compliance usage for this equipment. For example, if the GEC's accounting section were utilizing all of the equipment transferred, a breakdown of 85% compliance and 15% non-compliance might exist. If this were the case, it would be necessary for the GEC to reimburse the Committee for an amount equal to the pro rata portion of the value (based on "usual and normal" charge) used for non-compliance activity. Such reimbursement would have to be made from the GEC federal funds operating account and charged to the expenditure limitation contained in 2 U.S.C. 441a(b)(1)(B).

* On August 5, 1980, the name of the Reagan For President General Election Compliance Fund was changed to Reagan For President General Election Compliance Fund and/or Reagan/Bush Compliance Fund in an amendment to the Committee's Statement of Organization filed with the Commission.

The recommendation in the interim audit report provided that the Committee place a value on the equipment transferred equal to the "usual and normal" charge and disclose the value as an in-kind contribution in its disclosure report. Further, reimbursement would have to be requested from the GEC for the value of the portion of equipment used for non-compliance purposes. The reporting and reimbursement, if any, would have to occur within 30 days of receipt of the interim report.

The Committee did not address this matter in its written response to the interim audit report. However, the Audit staff has been able to place an estimate on the value of goods apparently comprising the in-kind contribution to the GEC Compliance Fund. Absent a showing to the contrary by the Committee, we feel that a value of $4,915.86, representing calculators and filing cabinets, is reflective of the value of the in-kind contribution. Preliminary agreement has been reached with the Committee regarding this evaluation.

Recommendation

It is recommended that the Committee disclose the value of the in-kind contribution on its next regularly scheduled report and advise the GEC Compliance Fund accordingly.

4. General Election Campaign Expenditures

a. Our examination of Committee expenditure records disclosed certain disbursements relating to travel outside the United States for which the purpose of the trips may be considered "in connection with" the general election. The trips occurred between May 30, 1980, and July 5, 1980, and the cost was $5,230.29. The treasurer stated that the trips were made to enhance foreign policy positions. However, due to the timing of the trips the treasurer was not certain if they related to the primary or general election campaign, but indicated that either position could be arguable.

b. During the course of review the Audit staff noted eight (8) expenditures or portions thereof, totaling $26,969.01, which appear to benefit the general election campaign. The disbursements occurred between June 30, 1980, and September 8, 1980, for purposes relating to travel, individual moving expenses, moving expenses related to the relocation of the Committee's National Headquarters from Los Angeles, California to Arlington, Virginia in June, 1980, and office supplies.

It should be noted that Section 9003.4(b)(4)(i) of Title 11, Code of Federal Regulations provides that;

> a candidate who has received federal funding under 11 CFR Part 9031, et seq., may borrow from his or her primary election campaign an amount not to exceed the residual balance projected to remain in the candidate's primary account(s) on the basis of the formula set forth at 11 CFR 9038.3(c). A major party candidate receiving payments equal to the expenditure limitation shall reimburse amounts borrowed from his or her primary campaign from payments received by the candidate under 11 CFR Part 9005 within 15 days of such receipt.

Further, Section 9003.4(c) of Title 11, Code of Federal Regulations states, in relevant part, that;

> amounts received or borrowed by a candidate under 11 CFR 9003.4(b) to defray expenses permitted under 11 CFR 9003.4(a) shall be deposited in a separate account used only for such expenses.

Although, these payments were made directly from the Committee's primary election accounts, it was our opinion in the interim report that since the Candidate was in a surplus position on his date of ineligibility, the transactions may be viewed as loans to the Candidate's general election committee and thereby treated in accordance with 11 C.F.R. 9003.4(b)(4)(i) cited above.

On November 18, 1980, the Commission approved the Audit staff's recommendation in the interim audit report that absent a showing to the contrary (i.e., a written explanation from the Treasurer that demonstrates to the Commission's satisfaction that the disbursements were, in fact, "in connection with" the primary election and not "in connection with" the general election), it would be necessary for the Committee to prepare an invoice to and obtain a reimbursement from the Candidate's general election committee, which would have precluded the applicability of 26 U.S.C. 9003(b), for the value of the disbursements ($32,199.30) noted in a. and b. Evidence of the transaction (a copy of both sides of the cancelled check) was to have been provided to the Audit staff within 30 days of receipt of the interim report.

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The Committee in its response to Finding D-4(a) stated that it was of the opinion that the expense of the European trips are primary expenditures. It was further stated that the trips were planned and taken prior to the date of the convention and were therefore properly paid by Reagan for President.

In responding to Finding D-4(b), the Committee requested an itemization concerning the $26,969.01 in expenses apparently made in relation to the general election. The Treasurer also stated that upon review of the invoices the Committee will make the appropriate transfer of moneys. An itemization of the expenditures is included at Attachment III; however, it should be noted that the Committee was informed of these items and provided a listing comprising 7 of the eight items, totalling $11,681.61 at the exit conference conducted on October 24, 1980.

Further, two additional expenditures totalling $417.57, were identified during our review conducted in December 1980 which appear to relate to the General election campaign. An itemization of these expenditures is also included on Attachment III.

Recommendation

With respect to 4(a), it is recommended that no further action is required. The Committee's response appears to support its position that the expenses were made in relation to the Primary campaign.

With respect to 4(b), it is recommended that the Committee prepare an invoice to and obtain a reimbursement from the Candidate's general election committee, which will preclude the applicability of 26 U.S.C. 9003(b) for the value of the disbursements - $27,386.58* ($26,969.01 + $417.57) noted above. Evidence of the transaction (a copy of both sides of the cancelled check) is to be provided to the Audit staff within 30 days of receipt of this report. Further, the Committee is afforded 30 days to demonstrate that these expenditures were, in fact, related to the Primary campaign.

E. Matters Referred to the Office of General Counsel

Certain other matters noted during the audit were referred to the Commission's Office of General Counsel on October 10, 1980 and December 31, 1980, for further consideration.

* Included in this amount is an expenditure for $15,287.40 made prior to the Candidate's date of ineligibility which is included as an accounts receivable for the purpose of calculating the surplus repayment amount at Finding III.C.1.

ATTACHMENT I

Schedule to Support Tour Finding II. L

TOURS 4 thru 26

JR MBER	1 # RFP	2 # MEDIA	3 # USSS	4 Amount PRESS	5 Billed USSS	6 Amount of Expected Reimbursement	7 Charter Cost of AIR TRANSPORTATION	8 TOUR	9 % of RFP ON TOUR	10 ACTUAL COST TO CMTE (COL. 7-6)	11 PRO-RATA COST FOR RFP STAFF	12 MAXIMUM NET INCOME (LOSS) REALIZABLE
	105	126	72	32,502.50	12,430.00	44,932.50	65,925.17	4	35%	20,992.67	23,073.81	2,081.14
	64	88	33	12,965.50	3,454.00	16,419.50	37,128.93	5	35	20,709.43	12,995.13	(7,714.30)
	66	88	46	22,065.00	7,140.00	29,205.00	47,047.84	6	33	17,842.84	15,525.79	(2,317.05)
	96	174	55	26,878.00	5,611.00	32,489.00	42,964.41	7	30	10,475.41	12,889.32	2,413.91
1	58	80	36	11,728.00	3,994.00	15,722.00	46,730.28	8	33	31,008.28	15,420.99	(15,587.29)
1	36	80	35	13,626.00	3,373.00	16,999.00	22,046.80	9	24	5,047.80	5,291.23	243.43
1	81	153	72	29,175.50	10,374.00	39,549.50	54,903.17	10	26	15,353.67	14,274.82	(1,078.85)
1	87	173	109	29,577.58	10,829.00	40,406.58	74,345.11	11	24	33,938.53	17,842.83	(16,095.70)
2	70	122	48	13,593.00	3,856.00	17,449.00	28,878.16	12	29	11,429.16	8,374.67	(3,054.49)

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Attachment 4

Schedule to Support Tour Finding II. L

TOURS 4 thru 26

TOUR NUMBER	1 # RFP	2 # MEDIA	3 # USSS	4 Amount PRESS	5 Billed USSS	6 Amount of Expected Reimbursement	7 Charter Cost of AIR TRANSPORTATION	8 TOUR	9 % of RFP ON TOUR	10 ACTUAL COST TO CMTE (COL. 7-6)	11 PRO-RATA COST FOR RFP STAFF	12 MAXIMUM NET INCOME (LOSS) REALIZABLE
13	160	380	134	32,529.55	7,780.00	40,309.55	53,038.91	13	24	12,729.36	12,729.34	(.02)
14	113	353	111	62,087.59	14,697.00	76,784.59	60,600.14	14	20	(16,184.45)	12,120.03	28,304.48
15	98	229	82	25,112.00	6,354.00	31,466.00	34,888.21	15	24	3,422.21	8,373.17	4,950.96
16	60	147	48	37,258.00	8,736.00	45,994.00	44,227.56	16	24	(1,766.44)	10,614.61	12,381.05
17	104	286	109	60,231.50	17,699.00	77,930.50	58,284.58	17	21	(19,645.92)	12,239.76	31,885.68
18	199	393	176	62,374.50	22,666.00	85,040.50	74,569.31	18	26	(10,471.19)	19,388.02	29,859.21
19	191	399	167	60,933.50	17,830.00	78,763.50	61,991.32	19	25	(16,772.18)	15,497.83	32,270.01
20	135	335	114	59,933.00	14,549.00	74,482.00	58,978.60	20	23	(15,503.40)	13,565.08	29,068.48
21	71	168	55	28,384.50	6,537.00	34,921.50	38,551.18	21	24	3,629.68	9,252.28	5,622.60
22	44	112	47	10,495.50	3,437.00	13,932.50	22,715.67	22	21	8,783.17	4,770.29	(4,012.88)
23	54	110	65	27,406.00	11,935.00	39,341.00	48,464.27	23	24	9,123.27	11,631.42	2,508.15
24	13	24	11	6,360.00	2,332.00	8,692.00	10,523.82	24	27	1,831.82	2,841.43	1,009.61
25	41	51	38	17,539.50	8,017.00	25,556.50	35,354.45	25	32	9,797.95	11,313.42	1,515.47
26	24	35	12	23,152.50	5,292.00	28,444.50	29,859.58	26	34	1,415.08	10,152.26	8,737.18
												142,990.78

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Attachment II

REAGAN FOR PRESIDENT COMMITTEE
STATEMENT OF NET OUTSTANDING CAMPAIGN OBLIGATIONS
AS OF July 16, 1980

(PREPARED BY AUDIT STAFF)

Assets		
Cash On Hand 7/16/80	$ 3,728,668.41	
Loans Receivable	170,000.00	
Accounts Receivable	506,041.50 *	
Accrued Interest Receivable	8,033.29	
Capital Assets	51,378.07	
Total Assets	$ 4,464,121.27	$ 4,464,121.27
Obligations/Liabilities		
Accounts Payable for Qualified Campaign Expenses	$(1,562,956.48)	
Estimated Winding Down Costs 8/15/80 to Termination	(82,652.18)	
Total Obligations	$(1,645,608.66)	$(1,645,608.66
Net Outstanding Campaign Obligations-Surplus		$ 2,818,512.61

* Includes $156,882.99 in contributions dated 7/16/80 or before, but received 7/17/80 or after. The Committee does not feel that the value of these contributions should be categorized as an asset as of 7/16/80.

Expenses Paid by Primary Campaign Which Appear To Relate to General Election Campaign

Payee Classification	Purpose	Check Date	Check #	Check Amount	General Election Portion
Individual	Expense Reimbursement for Hotel Room	7/25/80	590	$ 100.00	$ 100.00
Commercial Vendor	Office supplies ordered June-July 1980	7/31/80	813	7,654.72	6,889.25 (90% General, 10% Primary)
Political Committee	Printing of literature	8/6/80	917	1,086.74	1,086.74
Commercial Vendor	Office supplies ordered June-July 1980	8/21/80	1124	3,137.35	2,823.62 (90% General, 10% Primary)
Individual	Moving Expense Cal-D.C.	8/21/80	1140	334.00	334.00
Individual	Moving Expense Cal-D.C.	8/21/80	1150	334.00	334.00
Individual	Expense Reimbursement 8/29/80 trip D.C. to Maine	9/8/80	1358	114.00	114.00
Commercial Vendor	Moving RFP office from Cal to D.C.	6/30/80	5972 *	15,287.40	15,287.40
Subtotal				$28,048.21	$26,969.01
Individual	Moving Expense Cal to D.C.	10/8/80	1481	344.00	344.00
Telephone Company	Telephone Expense August 1980	10/20/80	1495	73.57	73.57
Total				$28,465.78	$27,386.58

* Check 5972 written on SM A/C 542; all others written on Riggs A/C 9113.

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C. Contribution Limitations

Section 441a(a)(1)(A) of Title 2 of the United States Code states that no person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000.

Section 103.3(b)(2) of Title 11 of the Code of Federal Regulations states that when a contribution cannot be determined to be legal, refunds shall be made within a reasonable time, and the treasurer shall note the refund by amending the current report or noting the change on the committee's next required report.

1. Response to Threshold Audit Findings a/

The Audit staff recommended that the Committee refund 128 contributions totaling $75,820 (excessive portion), which appeared to be in excess of the $1,000 limitation, or demonstrate that they were, in fact, not excessive. The Audit staff also recommended that the Committee amend its disclosure reports to correct the public record for 79 contributions totaling $57,523.28 (excessive portion), that initially appeared excessive. Thirty of these contributions totaling $29,453.28 had been duplicated on the reports, and 49 of them totaling $28,070 had been reapportioned to another individual(s) (i.e., husband and wife apportionments) based upon written authorization received from the contributors.

The Audit staff's review of the Committee's reports and responses to requests for additional information (R.F.A.I.) revealed that the Committee reported making refunds of $10,435 to 24 individuals. However, as of October 10, 1980, evidence of the refunds (i.e., copies of cancelled checks, front and back) had not been presented for review. Further, the Committee amended its disclosure reports to correct the public record for the 30 duplicated contributions and 26 of the 49 reapportioned items.

2. Post-Primary Audit

The finding includes the apparent excessive contributions, and reapportionments noted in the Threshold Audit period that have not been adequately responded to by the Committee.

According to the records, the Committee had received contributions from 422 individuals which appear to exceed, or when aggregated with other contributions from the same individual, were in excess of the $1,000 limit. The total value of the contributions is $232,766.89 (excessive portions).

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a/ The Threshold audit covered the period 2/26/79 through 12/31/79 (see Threshold audit report approved by the Commission on September 16, 1980).

The Committee reported, as of the last report filed at the close of audit fieldwork, that it had refunded $42,962.44 to 85 of the individuals and had reapportioned contributions, totaling $31,374, received from 52 individuals to another individual(s) (i.e., husband and wife apportionments). However as of October 10, 1980, evidence of the refunds and reapportionments (i.e., copies of cancelled checks, front and back, and reapportionment authorizations from contributors) had not been presented to the Audit staff for review. This left a remainder of $158,630.45 (excessive portions) of the contributions that had not been addressed by the Committee as of October 10, 1980. b/ Further, the Committee had not amended its reports to correct the public record for 23 of the 49 reapportioned contributions noted in the Threshold Audit period.

The interim audit report approved by the Commission on November 18, 1980, recommended that within 30 days of receipt of the report the Committee -

(i) refund the $158,630.45 in contributions which appear to be in excess of the limit, or provide evidence clearly demonstrating that the contributions are, in fact, not excessive. If the Committee can demonstrate to the Commission's satisfaction that certain contributions are not excessive, it is recommended that an amended report(s) be filed to correct the public record;

(ii) present evidence to the Audit Division (i.e., front and back of each cancelled check) in support of the 85 contribution refunds to individuals totaling $42,962.44;

(iii) present evidence to the Audit Division (i.e., reapportionment authorizations signed by contributors) in support of the 52 reapportioned contributions totaling $31,374;

(iv) file an amended report correcting the public record for the 23 contributions (noted in the Threshold Audit period) which were reapportioned to another individual(s).

On December 22, 1980, the Committee provided the following response to the recommendation:

(a) with respect to recommendation (i) above, the Committee provided documentation in full support of 134 contributions (excessive portions totaling $79,810, detailed as follows -

(1) the front and back of Committee checks for 68 refunds totalling $20,491;

(2) contributor authorizations supporting 40 contributions (excessive portions) totaling $19,884 which had been reapportioned to other individuals;

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b/ Additional excessive contributions were previously referred by the Reports Analysis Division to the Office of General Counsel.

(3) information supporting 26 contributions (excessive portions) totaling $39,435 which had been incorrectly recorded because of data input errors.

The Committee has not fully responded to 173 contributions (excessive portions) totaling $81,305.45, detailed as follows -

(4) photocopies of the face of Committee checks were provided for 56 refunds totaling $18,373.78. We recommended that both the front and back be provided to show negotiation of the refund checks;

(5) no response was received for 83 contributions totaling $44,725.00;

(6) fourteen contributions, totaling $4,941.67, according to the Committee were intended for the General Election Compliance Fund, however, these were not fully documented as to the intent of the contributor;

(7) documentation was not provided supporting eight (8) contributions (excessive portions) totaling $7,300 reapportioned to other individuals as contained in the amended report of receipts and expenditures filed December 22, 1980;

(8) only partial refunds were made for eight (8) contributions, (excessive portions) leaving $4,765 still in excess of the $1,000 limitation;

(9) only partial reapportionments to others were made for four (4) contributions (excessive portions) leaving $1,200 still in excess of the $1,000 limitation;

(b) with respect to recommendation (ii) above, the Committee provided documentation in full support of 54 refunds totaling $27,139.94. However, the Committee has not fully responded to contributions totaling $11,572.50 detailed as follows -

(1) photocopies of the face of Committee checks were provided for 16 reported refunds totaling $5,725. We recommended that both front and the back be provided to show negotiation of the refund checks;

(2) no documentation was submitted in support of 11 reported refunds totaling $3,797.50.

(3) only partial documentation was provided for two (2) reported refunds leaving $1,550 still in excess of the $1,000 limitation;

(4) an amended report of receipts and expenditures was filed rather than providing documentation in support of one (1) refund leaving a balance of $500 still in excess of the $1,000 limitation;

(c) with respect to recommendation (iii) above, the Committee provided documentation in full support of 31 contributions (excessive portions) totaling $14,804 which had been reported as reapportioned to another individual(s).

However, the Committee has not fully responded to contributions totaling $18,370 (excessive portions), detailed as follows:

(1) no response was received for 21 contributions totaling $13,500;

(2) photocopies of the face of Committee checks were provided for three (3) refunds totaling $1,170 which were originally reported as reapportioned to others. We recommend that both the front and back of the checks be submitted to show negotiation of the refund checks, or contributor authorizations to support the reapportionment as originally reported;

(3) an amended report of receipts and expenditures was filed rather than providing contributor authorizations in support of two (2) reapportionments totaling $1,150;

(4) only partial documentation was provided for two (2) reported reapportionments leaving $2,550 still in excess of the $1,000 limitation.

(d) with respect to recommendation (iv) above, as of December 30, 1980 the Committee has not filed an amended report correcting the public record for 23 contributions (noted in the Threshold Audit period) which were reapportioned to other individuals.

Recommendation

The Audit staff recommends that this matter be referred to the Office of General Counsel. Detailed schedules are attached for each of the above areas. *

* At present certain unexplained differences in amounts exists with respect to the Committees action regarding the recommendations.

Settlement of Corporate Debts

Section 114.10 of Title 11 of the Code of Federal Regulations states, in part, that -

a) A corporation may extend credit to a candidate, political committee, or other person in connection with a Federal election provided that the credit is extended in the ordinary course of the corporation's business and the terms are substantially similar to extensions of credit to non-political debtors which are of similar risk and size of obligation.

b) Except as specifically provided in paragraph (c) of this section, a corporation may not forgive prior debts or settle debts which have been incurred by a candidate or political committee or other person for use in connection with a Federal election for less than the amount owed on the debt.

c) A corporation may settle or forgive a debt if the creditor has treated the outstanding debt in a commercially reasonable manner. A settlement will be considered commercially reasonable if -

(1) The initial extension of credit was made in accordance with paragraph (a) of this section.

(2) The candidate or political committee or person has undertaken all commercially reasonable efforts to satisfy the outstanding debt; and,

(3) The corporate creditor has pursued its remedies in a manner similar in intensity to that employed by the corporation in pursuit of a non-political debtor, including lawsuits if filed in similar circumstances.

The corporation and/or the debtor must file a statement of settlement with the Commission including the initial terms of the credit, the steps the debtor has taken to satisfy the debt, and remedies pursued by the creditor. This statement must be filed prior to the termination of the reporting status of the debtor and the settlement is subject to Commission review.

During a review of expenditure documentation in conjunction with the Post Primary Audit follow-up, the Audit staff noted an agreement made October 29, 1980 by and between Reagan For President ("RFP") and MediAmerica, Inc. ("MA") in settlement of a disputed contract. RFP believed "it had more than satisfied its contractual obligations to MA, while MA contended that it had incurred additional expenses for which it should be compensated". According to the agreement, and documentation from MediAmerica, a $16,566.52 balance was settled for $4,000. (Agreement and Documentation attached)

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Recommendation

The Audit staff recommends that this matter be referred to the Office of General Counsel for possible MUR treatment.

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AGREEMENT

This agreement is made this 29th day of October, 1980 by and between Reagan for President (hereinafter RFP), of 901 South Highland Street, Arlington, Virginia 22204 and MediAmerica, Inc. (hereinafter MA), of 1900 N. Beauregard Street, Suite 12, Alexandria, Virginia 22311.

Whereas, MA provided services to RFP during the period of November to December of 1979 pursuant to an oral agreement; which services involved telephone fundraising for the campaign; and

Whereas, the oral agreement between RFP and MA was that MA would expend no more, and bill no more, than twenty five thousand dollars ($25,000) pursuant to this contract; and

Whereas RFP has paid MA twenty nine thousand, five hundred and eighty nine and 33/100 dollars ($29,589.33) pursuant to this contract in five payments of the following amounts and dates:

1/7/80	-	$10,000.00
2/11/80	-	8,000.00
2/22/80	-	8,535.83
2/22/80	-	53.50
5/9/80	-	3,000.00

And whereas RFP believes it has more than satisfied its contractual obligations to MA, while MA contends that it has additional expenses which should, in fairness, be compensated.

Now, therefore, in consideration of the mutual commitment of both parties to a fair settlement of this dispute it is herein agreed that the oral contract originally entered into is hereby modified. RFP will pay to MA $4,000 on the signing of this agreement.

The aforesaid parties mutually release each other from any obligation of any kind arising out of the oral agreement and, MA accepts the four thousand dollars in total settlement of any claims of any kind whatsoever in connection with its oral agreement and waives any rights under that agreement including the right to bring an action against any individual or committee connected with the Reagan campaign at any stage.

October 29, 1980
Date

by D. Richard Geske
President
Medi America

Bay Buchanan 10/29/80
by Bay Buchanan, Treasurer

8040215

MEDIAMETRICS
Mark Center Office Plaza 5
1900 N. Beauregard Street, Suite 12
Alexandria, VA 22311
Phone 703| 998|0334

OCT 17 1980

Reagan For President Committee
901 South Highland Street
Arlington, VA 22204

October 9, 1980

Invoice #495

For National Telephone Fundraising services to 20,000 Reagan For President Committee contributors during November, 1979 and December, 1979.

$2.25/gross name ($2.25 X 20M)

Total Due			$ 45,000.00
Paid on Account:	1/7/80	$10,000.00	
	2/11/80	$ 8,000.00	
	2/22/80	$ 8,000.00	
	2/22/80	$ 53.50	
	5/9/80	$ 3,000.00	
		Balance Due	$ 15,410.67
Current Interest to date (5 month period)			1,155.85
		Current Balance	$ 16,566.52

All invoices are due and payable upon receipt.
All charges are payable 20 days from date of invoice. A service charge of 1.5% per month (equivalent to 18% per year) will be added to past due items.

MEDIAMERICA
Mark Center Office Plaza 5
1900 N. Beauregard Street, Suite 12
Alexandria, VA 22311
Phone 703|998|0334

Mr. William Casey
National Chairman
Reagan for President Committee
901 South Highland Street
Arlington, Virginia 22204

September 18, 1980

Dear Mr. Casey:

Please find enclosed my previous correspondence to you regarding the delinquent invoice we discussed on this date.

As I indicated, I believe MediAmerica has made every conceivable effort short of legal action to collect the $15,410.67 due on invoice #495.

Please remit balance due plus intrest penalties totaling $462.32 on or before September 26, 1980.

I regret to inform you that failure to meet this obligation on or before 12:00 noon, on September 26, 1980 will cause MediAmerica to file the necessary documents to proceed legally against the Reagan for President Committee.

I appreciate your personal attention to this matter.

Sincerely yours,

D. Richard Geske
President

DRG/bw
Enclosures

8304081214

MEDIAMERICA
Mark Center Office Plaza 5
1900 N. Beauregard Street, Suite 12
Alexandria, VA 22311
Phone 703| 998|0334

Reagan For President Committee
901 South Highland Street
Arlington, Virginia 22204

July 25, 1980

Invoice #495

For National Telephone Fundraising services to 20,000 Reagan For President Committee contributors during November, 1979 and December, 1979.

$2.25/gross name ($2.25 x 20M)

Total Due $45,000.00

Paid on Account:		
	1/7/80	$10,000.00
	2/11/80	$ 8,000.00
	2/22/80	$ 8,535.83
	2/22/80	$ 53.50
	5/9/80	$ 3,000.00

Balance Due $15,410.67

All invoices are due and payable upon receipt.
All charges are payable 20 days from date of invoice. A service charge of 1.5% per month (equivalent to 18% per year) will be added to past due items.

8304038-21

MEDIAMERICA
Mark Center Office Park 5
1900 N. Beauregard Street, Suite 12
Alexandria, VA 22311
Phone 703|998|0334

Mr. William Casey
National Chairman
Reagan for President Committee
901 South Highland Street
Arlington, Virginia 22204

July 28, 1980

Dear Mr. Casey:

As a matter of courtesy to Governor Reagan, I feel it is incumbent upon MediAmerica to inform you of the following:

MEDIAMERICA, INC. WILL FULLY COMPLY WITH ALL FEDERAL ELECTION COMMISSION RULES AND REGULATIONS CONCERNING POSSIBLE ILLEGAL CORPORATE CONTRIBUTIONS TO THE REAGAN FOR PRESIDENT COMMITTEE BY MEDIAMERICA, INC..

Specifically, national telephone fundraising services to twenty thousand Reagan contributors -- grossing in excess of $136,000 -- were provided to the Reagan for President Committee by MediAmerica on or about November, 1979 through December, 1979. These services were incorrectly billed at cost. The fair and normal market value for these services is $2.25/gross name (20M x $2.25) or $45,000.00. MediAmerica submitted invoices reflecting costs that totaled $37,876.80. Therefore, a possible illegal corporate contribution in the amount of $7,132.20 appears to have been made to the Reagan for President Committee.

On May 5, 1980, Mr. Ian Stirton of the Federal Election Commission informed MediAmerica that "costs" or reimbursement of expenses does not reflect the true and fair market value of the services rendered to the Reagan for President Committee by MediAmerica and that MediAmerica is obligated to comply with the following course of action: (1) immediately notify the Reagan for President Committee, and (2) adjust all invoices submitted by MediAmerica to the Reagan for President Committee to reflect the fair market value of the services provided.

Ms. Bay Buchanan, Treasurer of the Reagan for President Committee and Mr. Loren Smith, General Council for the Reagan for President Committee were duly informed of the above on

May 5, 1980. Consequently, Mr. Smith had agreed to submit a written response to MediAmerica concerning corporate contributions to the Reagan Committee, assuring MediAmerica that our billing procedure was "legal". No such document was received.

Herewith, MediAmerica is formally complying with all procedures recommended by the Federal Election Commission on May 5, 1980.

The balance of the Reagan for President Committee account at this time is $15,410.67 (invoice attached).

Mr. Casey, considerable efforts to collect previous overdue balances, extending over a period in excess of six months, have been thwarted by unnecessary delays. Your prompt attention to this matter would therefore be greatly appreciated.

Sincerely,

D. Richard Geske
President

DRG/meg

Attachment

Copies: James Korman
Edwin Messe
Loren Smith
Ian Stirton
Bay Buchanan

8304081215

Reagan Bush Committee
901 South Highland Street, Arlington, Virginia 22204 (703) 685-3400

(1)

October 23, 1980

Media America
Mark Center Office Plaza 5
1900 N. Beauregard Street - Suite 12
Alexandria, Virginia 22311

Gentlemen:

Pursuant to invoice #495 received by this office October 10, 1980, Reagan for President does not recognize any outstanding indebtedness to Media America.

You may want to correct your records to reflect this fact.

Sincerely,

Bay Buchanan

Bay Buchanan
Treasurer

BB:lp

3304081213

Paid for by Reagan Bush Committee United States Senator Paul Laxalt Chairman Bay Buchanan, Treasurer

MEDIA AMERICA - GE[illegible]

BILL #2	BILLED	CREDITS	PAY
TELEPHONES	833 44	-	833 44
WATS	3887 18	2462 37	1424 81
	361 47	-	361 47
	516 41	516 41	
	1175 50	1175 50	
	237 81	-	237 81
	7011 81	4154 28	2857 53
ADVERTISING	201 82	-	201 82
PERSONNEL	4207 95	-13 80	4194 15
	322 09	85	321 24
OTHER PERSONNEL + EQUIPT.	1112 72	-	1112 72
	12856 39	4168 93	8687 46
PAID ON BILL #2			3000 00
OWING			5687 46
CREDITS ON BILL #1		TAXES	
	151 39	3% 4 55	
	2118	6 36	
	1808 57	1 04	
	4272	3 24% 10 26	
	8085	+ 2221	= (8307)
OUTSTANDING			$ 4856 19

10-2-8
#1528-9113

-61-

EXHIBIT C

Possible Corporate Contribution

Section 441b 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 election for federal office.

During the Post Primary Audit follow-up work conducted during the week of December 15, 1980, we noted several photocopies of corporate checks and other supporting documentation received by the Committee on October 1, 1980, from Tommy Thomas Chevrolet Co., Inc. of Panama City, Florida. The documentation indicates that expenditures were incurred by Luther E. Thomas and paid by the corporation. These expenditures, totaling $9,466.60, covered the period from April 3, 1979 through August 26, 1980 and were for the Reagan 80 Campaign. The above dollar amount was reported as a debt owed by the Committee to Tommy Thomas. We determined that Mr. Thomas was the Reagan For President Executive Director for the Florida Region.

Recommendation

We recommend that this matter be referred to the Office of General Counsel for possible MUR treatment. A copy of the documentation is attached which details the expenditures.

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D. Settlement of Corporate Debts

Section 114.10 of Title 11 of the Code of Federal Regulations states, in part, that -

a) A corporation may extend credit to a candidate, political committee, or other person in connection with a Federal election provided that the credit is extended in the ordinary course of the corporation's business and the terms are substantially similar to extensions of credit to non-political debtors which are of similar risk and size of obligation.

b) Except as specifically provided in paragraph (c) of this section, a corporation may not forgive prior debts or settle debts which have been incurred by a candidate or political committee or other person for use in connection with a Federal election for less than the amount owed on the debt.

c) A corporation may settle or forgive a debt if the creditor has treated the outstanding debt in a commercially reasonable manner. A settlement will be considered commercially reasonable if -

(1) The initial extension of credit was made in accordance with paragraph (a) of this section.

(2) The candidate or political committee or person has undertaken all commercially reasonable efforts to satisfy the outstanding debt; and

(3) The corporate creditor has pursued its remedies in a manner similar in intensity to that employed by the corporation in pursuit of a non-political debtor, including lawsuits if filed in similar circumstances.

The corporation and/or the debtor must file a statement of settlement with the Commission including the initial terms of the credit, the steps the debtor has taken to satisfy the debt, and remedies pursued by the creditor. This statement must be filed prior to the termination of the reporting status of the debtor and the settlement is subject to Commission review.

The Committee and The C.T. Clyne Company, Inc., entered into a written agreement dated October 5, 1979, whereby The C.T. Clyne Company, Inc., would provide advertising services to the Committee. The services were to be provided by all departments with exception of the research and media departments for the purposes of creating and producing Reagan campaign advertising.

The Committee agreed to/that -

a) pay a fee equivalent to 11% of all media billings except for billings on the November 13, 1979 syndicated and network television candidacy announcement;

b) advance $25,000 per month for October, November and December 1979, and the advances ($75,000) were to be deducted in monthly increments of $25,000 from the earned fees in January, February and March, 1980;

c) permit the Clyne Company to add the customary 17.65% agency mark up to the production invoices billed to the Committee;

d) receive bills (at net) for Clyne Company's out-of-pocket expenses such as travel and lodging when conducting Committee business; and

e) the Clyne Company will provide office space within the agency for the Committe's media team from Ruth Jones, Ltd., at no extra cost to the Committee.

A letter dated May 7, 1980, from The Clyne Company, Inc., indicated that the three (3) $25,000 ($75,000) advances had not been received, as provided by the agreement. Further, the company was not reimbursed for $45,000 in costs incurred in conjunction with a commercial. According to the Clyne Company letter, the following is a re-cap of amounts owed to it by the Committee:

Balance shown as owed by the Committee	$ 8,130.48
"Copter" Commercial Cost	45,000.00
October, November, and December Fees (advances)	75,000.00
Less: Commissions earned in 1980	(14,136.78)
Amount owed by Committee	$113,993.70

A letter from the Committee to the Clyne Company dated January 29, 1980, notified the Company that in 30 days (February 27, 1980) the Committee intended to terminate the contract.

In a memorandum dated April 12, 1980, the Committee Treasurer stated that the "Copter" commercial could not be used because of its poor quality. Further, the advances ($75,000) were to be applied to commissions earned in January, February and March, but since the contract was terminated effective February 27, 1980, no commission was earned in March, 1980. In addition, Clyne Company earned only $14,136.78 commission on media billings.

On July 29, 1980 the Committee paid $40,000 to the Clyne Company for a full and complete release of all claims possessed by the company against the Committee.

As of October 10, 1980, no debt settlement statements had been filed with the Commission by either the Committee or The C.T. Clyne Company, Inc.

The recommendation contained in the interim audit report required that a Statement of Debt Settlement be filed with the Commission.

In response to the interim audit report, the Treasurer stated that (1) the Committee had no legal obligation to the Clyne Company, (2) there was no settlement of debt, (3) the Committee and Clyne Company produced a compromise settlement, and (4) the Committee is still of the opinion that it owed the Clyne Company nothing.

Recommendation

In light of the Committee's position, the Audit staff recommends that this matter be reviewed by the Office of General Counsel.

ATTACHMENT 2

ATTACHMENT 2: Individuals who contributed to the Reagan for President Committee in excess of $1,000

NAME AND AMOUNT CONTRIBUTED	REFUND	REAPPORTIONMENT	NO RESPONS
1. Josephine Abercrombie $1,150	$150		
2. Thomas B. Adam $1,075	75		
3. Marilyn C. Allen $2,000	1,000		
4. Bessie Ansley $1,005	5		
5. Oscar Austad $1,075	75		
6. W.R. Bailard $1,325	325		
7. Glennwood Ballinger $1,499.94	499.94		
8. Joyce Bearss $1,100			$100
9. Rudolph Bernatschke $2,050	50	$1,000	
10. Donald W. Berry $1,250	250		
11. D.J. Biller $1,100	100		
12. Penelope Blair $2,000		1,000	
13. Cleve B. Bonner $1,075	50	25	
14. Hazel Bowerman $2,050	1,050		
15. Emily Boxley $1,200	200		
16. J. Allen Bray $1,250	250		
17. Samuel Bretzfield $1,100	100		
18. Russell Britton $1,125	125		
19. H.L. Brooks $1,200	200		
20. Mildred Brown $1,050	50		
21. Howard Butcher, III $2,000	1,000		
22. Mildred Butler $1,215	215		
23. Bill J. Bynum $1,325	325		
24. John P. Cadagan $2,000	1,000		
25. John R. Cahill $2,000	500	500	
26. John Campbell $1,250	250		
27. Richard W. Candland $1,025	25		
28. Harrison Chandler $1,100	100		
29. Louise B. Clark $2,000	1,000		
30. C. Terence Clyne $1,500	500		
31. Clair Cook $1,250	250		
32. Ralph Cornell $1,500	500		
33. Roscoe Cowper $1,150	150		
34. Frank Critelli $1,100	100		
35. Vincent Cullinan $1,100	100		
36. Howard Dagley $1,350	350		
37. John Daidone $1,250	250		
38. Peter Dailey $1,100	100		
39. Poncent Davis, Jr. $1,500	500		
40. James T. Delaney $1,250	150	100	
41. C.R.W. DeSilva $1,050	50		
42. Dennis Devine $2,000	1,000		
43. Manuel Diaz $1,050	50		
44. H.W. Dodge, Jr. $2,000	1,000		
45. John Doremus $1,010	10		

NAME AND AMOUNT CONTRIBUTED	REFUND	REAPPORTIONMENT	NO RESPONSE
46. Jean C. Dougherty $1,800		$800	
47. Jonathan Dugan $1,020	$20		
48. George Duncan $1,200	200		
49. Barbara Eade $1,050	50		
50. Beatrice Eckrich $1,100	100		
51. Lucy E. Edmondson $1,375	375		
52. Adrienne Edmonston $1,032.50	32.50		
53. J. David Eller $1,025	25		
54. Robert Emett $1,500	500		
55. Arthur Engel $1,650		650	
56. Ralph W. Eylar $1,225	225		
57. Charles Farrell $1,275	275		
58. John C. Folger $1,300	300		
59. Alfred Gagnon $1,100	100		
60. Catherine Gamage $1,150	150		
61. Edward Garbini $2,000		1,000	
62. Donald Geary $1,175	175		
63. Dan Gerber $1,300	300		
64. Frank Gerosa $1,250	250		
65. Gordon Geity $2,000	1,000		
66. Claude Gortatowsky $1,350	350		
67. Kenneth Gorman $1,150	150		
68. Elliott Gottfurcht $1,250			$250
69. Robert K. Graham $1,900	900		
70. Irene A. Grant $2,000	1,000		
71. C.H. Grayson $1,250	250		
72. Z. Wayne Griffin $2,000	1,000		
73. Roy Guffey $1,650	550		100
74. Gertrude Guild $1,200	200		
75. Lillian M. Gustafson $1,200	200		
76. Warren Haas $1,200	200		
77. Michael T. Halbouty $1,050	50		
78. W.B. Hamilton $1,050	50		
79. B.K. Hargis $1,200	200		
80. Helen E. Hatcher $1,750	750		
81. L.A. Harvey $2,000	1,000		
82. Mable M. Hay $1,050	50		
83. B.R. Hazard $1,600		600	
84. Donald W. Hedges $1,250	250		
85. Robert Henneberger $1,340	340		
86. M.W. Henrie $1,100	100		
87. Arthur Hercz $1,400	135	165	100
88. Sarah T. Hermann $1,100	100		
89. Herbert T. Hill $1,350		250	100
90. Barron Hilton $1,750	750		
91. Ernest G. Holtze $1,200	200		
92. Essa T. Hoover $1,205	205		
93. W.H. Hyde $1275	275		
94. Carl Karcher $1,200	200		

NAME AND AMOUNT CONTRIBUTED	REFUND	REAPPORTIONMENT	NO RESPONSE
95. King Karpen $1,850	$350	$500	
96. Smig Katayama $1,200	200		
97. Dwight Kendall $1,035	35		
98. Marie E. Kennedy $1,800	800		
99. Helen K. Kelley $1,150	150		
100. James Kemper $1,250	250		
101. Thelma N. Kieckhefer $1,250	250		
102. Wayne W. Killion $1,100	100		
103. Johanna Knowlton $1,200	200		
104. Laurella Kobusch $1,120	120		
105. Anne Kurzet $1,025			$25
106. B.F. Lamb $1,500	210	290	
107. Michael Lamoregese, Jr.	250		
108. Ruth Lang $1,490	490		
109. Emily Larkin $1,165	165		
110. Helen O. Laurer $1,125	125		
111. John T. Lennon $2,000	1,000		
112. O.B. Lewis $1,250	250		
113. Helen C. Lincoln $1,350	350		
114. Harry Lucas, Jr. $1,050	50		
115. Angus McDonald $1,500	500		
116. R. W. Mac Dougall $1,020	20		
117. William Manning $2,200	1,200		
118. Jane T. Martin $2,000		1,000	
119. Lois K. Mayer $1,250	250		
120. David Maytag $1,050	50		
121. Anne Mazzella $1,500	500		
122. Helen T. McCann $1,150	150		
123. Barbara McCormick $1,300	300		
124. M.J. McCormick $1,200	200		
125. E. McElvaney, Jr. $2,000		900	100
126. Fanny H. McKenzie $1,500	500		
127. Avery McMillian $2,000	1,000		
128. Wilson McNary $1,250	250		
129. John E. Meehan $2,000			1,000
130. George Mehl $1,100	100		
131. Lester J. Mekelburg $1,131	131		
132. Albert U. Metzger $1,075	75		
133. Mary S. Miller $1,250	250		
134. Dorothy Mitchell $1,100	100		
135. Roy P. Moeller $1,065	65		
136. Jim Moore $2,000		1,000	
137. Glenn Morris $1,050	50		
138. Eleanor Morrisey $1,080	80		
139. Elaine Moseley $1,125	125		
140. Isabel Mott $1,500	500		
141. Gene Mulvihill $2,000		1,000	
142. David Murdock $2,000		1,000	
143. Catherine Murphy $1,250		250	

NAME AND AMOUNT CONTRIBUTED	REFUND	REAPPORTIONMENT	NO RESPONSE
144. Warren Musser $1,500	$500		
145. Grace V. Naylor $1,772.50	747.50	$25	
146. Maude Nichols $1,500	500		
147. Don W. Noren $1,050	50		
148. Frances O'Brien $1,270	270		
149. Mary O'Brien $1,550	550		
150. E.B. Ogden, Jr. $1,200	200		
151. S. Wayne O'Keefe $1,500	500		
152. Norbert Olberz $1,050	50		
153. Jack Overstreet $1,005	5		
154. Armand Palmisano $1,150	150		
155. Kathleen Parriott $1,250	250		
156. Charles Payson $2,000	500		$500
157. M.W. Pegram $1,100	100		
158. James Person $1,210	210		
159. Gwen Pettit $1,575	325	250	
160. James H. Pullman, Sr. $1,375	325		50
161. Linda Radovan $1,225	225		
162. Laura K. Read $1,100	100		
163. James A. Reed $1,150	150		
164. Brooke Reeve, Jr. $1,200	200		
165. Stephen Rega $1,050	50		
166. Hargey T. Reid $1,050	50		
167. Mathilda Reisenhus $1,025	25		
168. Lois T. Rieger $1,305	305		
169. Bruce G. Robert $1,100	100		
170. Esther Roberts $1,850	850		
171. John L. Roper, II $1,750		750	
172. Elizabeth Rospigliosi $1,250	250		
173. Elmer Rubac $1,100	100		
174. William Rutherford $1,100	100		
175. Winfield Schuster $1,250	250		
176. C. Scott Parker $1,160	160		
177. Thomas Sefton $2,200	700		500
178. Richard Shaheen $1,500			500
179. Bula Somms $1,135	135		
180. Colin J. Smith $1,100	100		
181. Harriette Smith $1,125	125		
182. O. Telfair Smith $1,875	375	500	
183. Murray Smitheram $1,600	250	250	100
184. P.E. Spalding $1,100	100		
185. Pearl Spear $1,300	300		
186. William Spencer $1,750	250	500	
187. Mary Jane Straka $1,500	500		
188. F.B. Streator $1,150	150		
189. Joseph Sullivan $1,500	500		
190. R. Dana Sullivan $1,200	200		
191. Carl Sweeney, Jr. $1,100	100		
192. Joyce Tannehill $1,100	100		
193. Sarkes Tarzian $1,300	300		
194. Dora Tester $1,300	300		
195. Edith Trea $1,085	85		
196. Gary Triano $1,200	200		

NAME AND AMOUNT CONTRIBUTED	REFUND	REAPPORTIONMENT	NO RESPONSE
197. Edith Vadeboncoeur $1,100	$100		
198. Carlos Vega $1,500	500		
199. Marian Vetrano $1,050	50		
200. Lois Wallace $1,010	10		
201. Minna Wallis $1,025	25		
202. Laurie Waring $1,350	350		
203. David W. Warner $1,250		$250	
204. Florence Wasmer $1,250	250		
205. Richard Waugh $1,050	50		
206. Leland Whittier $2,000	1,000		
207. N. Paul Whittier $2,000	1,000		
208. C.H. Wilkins $1,500		500	
209. S.I. Williams $1,225	225		
210. Betty Wilkinson $1,100	100		
211. Edward Woods $1,495		495	
212. K.T. Wright $1,250	250		
213. Kyle Trout, Jr. $1,200	200		
214. Laurence Beilenson $1,300		300	
215. C.J. Berst $2,000		1,000	
216. Karl Boeckmann $1,500		500	
217. Janine Boehm $1,400		400	
218. John E. Chance $1,300		300	
219. John H. Chance $1,300		300	
220. William Cowling $1,300		300	
221. Theodore Danforth $2,000		1,000	
222. E. Peter Erland $2,000		1,000	
223. Andrew Friedman $1,500		500	
224. George Glover $1,050		50	
225. Frank L. Gofrank $2,000		1,000	
226. Robert Hanagan $1,500		500	
227. Bette Hervey $1,205		205	
228. William Howlett $1,300		300	
229. Floy Hunter $1,500		500	
230. Arthur Koski $2,000		1,000	
231. W.T. Kelly, Jr. $2,000		1,000	
232. Ronald Mattison $1,350		350	
233. Dennis Metzler $2,000		1,000	
234. Joann Minshall $1,350		350	
235. Joseph A. Moore $1,250		250	
236. John A. Morris $1,250		250	
237. Tom Moyer $1,500		500	
238. Leo Newcombe $1,200		200	
239. P.M. Ochs $2,000		1,000	
240. William Panny $1,250		250	
241. Katerine Pardee $1,400		400	
242. Stephen Peck $2,000		1,000	
243. W.W. Rapley $1,350		350	
244. V. Earl Roberts $1,150		150	
245. J. Marshall Robbins $2,000		1,000	
246. Carlos Salman $1,250		250	
247. Charles Sanford $1,900		900	
248. Anthony Sharp $2,000		1,000	

NAME AND AMOUNT CONTRIBUTED	REFUND	REAPPORTIONMENT	NO RESPONSE
249. T.G. Singlehurst $1,600		$600	
250. E.A. Smith, Jr. $1,750		750	
251. R.E. Straith $1,500		500	
252. W. Clement Stone $2,000		1,000	
253. Dorothy Symons $1,064		64	
254. Paul Talbert $1,750		750	
255. Kenneth Taylor $1,500		500	
256. Don Vannerson $1,555		555	
257. Louis Weil, Jr. $1,500		500	
258. Peter Weisel $1,250		250	
259. Arthur Keiselback $1,250	$250		
TOTAL: $100,379.94	$56,580.94	$40,374	$3,425

8304038122 5

ATTACHMENT 3

ATTACHMENT 3: INDIVIDUALS WHO CONTRIBUTED TO THE REAGAN FOR PRESIDENT COMMITTEE IN EXCESS OF $2,000

	NAME	AMOUNT AND DATE OF CONTRIBUTIONS		AMOUNT IN EXCESS
1.	Hazel Bowerman*	4-18-79	$250	$1,050
		2-21-80	$1000	
		3-18-80	$250	
		4-9-80	$500	
		7-18-80	$50	
	Date and Amount of Refund:	8-25-80	$1,050	
2.	Raymond Cooper	10-10-79	$1000	$1,500
		-	$500	
		10-9-79	$500	
		11-12-79	$500	
	Date and Amount of Refund:	4-29-81	$500	
3.	Michael F. Cross	10-25-79	$3000	$2,500
		3-7-80	$500	
	Date and Amount of Refund:	12-18-80	$2500	
	(While Michael Cross also contributed $250 on 12-7-79, the Committee refunded $250 to Mr. Cross that same day.)			
4.	Edward DeLoreto	3-27-79	$250	$1,250
		5-23-79	$1000	
		12-22-79	$1000	
	(Committee reported the reapportionment of the $1,250 in excess.)			

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* The amount of the excessive contributions received by the Committee in this matter, involves contributions from only those individuals on this chart whose names are noted with an asterick.

	NAME	AMOUNT AND DATE OF CONTRIBUTIONS		AMOUNT IN EXCESS
5.	Albert B. Frowiss	3-30-79 4-1-79 5-20-79 9-6-79 9-7-79	$1000 $1000 $150 $400 $600	$2,150
	Date and Amount of Refund:	12-7-80	$150	
	(Committee reported the reapportionment of $150 in excess, but documentation of the reapportionment was not provided. Rather, the front of a $150 refund check was presented.)			
6.	B.D. Gilbert	10-19-79 11-8-79	$1000 $2000	$2,000
	Date and Amount of Refund:	10-16-80	$2000	
7.	Peter Hon	10-3-79	$3000	$2,000
	Date and Amount of Refund:	4-29-81	$2000	
8.	Forrest C. Lattner	5-24-79	$2500	$1,500
	Date and Amount of Refund:	5-12-80 6-10-80	$1500 $500	
9.	William Manning*	8-23-79 4-25-80 4-25-80 4-25-80	$1000 $400 $400 $400	$1,200
	Date and Amount of Refund:	8-25-80	$1200	

3 3 0 2 4 0 3 8 1 2 1 1

	NAME	AMOUNT AND DATE OF CONTRIBUTIONS		AMOUNT IN EXCESS
10.	Warren N. Porter	3-19-79	$100	$1,781
		8-7-79	$25	
		10-5-79	$1000	
		10-26-79	$50	
		11-8-79	$1000	
		11-19-79	$100	
		12-14-79	$100	
		1-3-80	$100	
		1-7-80	$100	
		2-19-80	$100	
		4-9-80	$100	
		4-15-80	$6	
	Date and Amount of Refund: 10-29-80 $1781			
11.	Thomas Sefton*	4-9-79	$200	$1,200
		10-8-79	$1000	
		7-25-80	$1000	
	Date and Amount of Refund: 12-18-80 $700			
12.	Mrs. B.F. Weekley	5-22-79	$750	$3,100
		8-6-79	$100	
		10-25-79	$500	
		11-19-79	$500	
		1-14-80	$500	
		2-22-80	$500	
		3-25-80	$750	
		4-1-80	$500	
	Date and Amount of Refund: 8-11-80 $3100			
13.	Thomas Trainer	6-22-79	$1000	$2,000
		9-27-79	$1000	
		9-27-79	$1000	
	(Committee reported the reapportionment of the $2,000 in excess.)			

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	NAME	AMOUNT AND DATE OF CONTRIBUTIONS	AMOUNT IN EXCESS
14.	Rudolph Bernatschke*	3-5-79 $1000 11-6-79 $1000 1-24-79 $50	$1,050

Date and Amount of Refund: 12-17-80 $50

(Committee reported the reapportionment of $1,000 in excess.)

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ATTACHMENT 4

9304030312

REAGAN for PRESIDENT

9841 Airport Boulevard
Suite 1488
Los Angeles, California 90045
(213) 670-1980

January 29, 1980

Mr. C.T. Clyne
Chairman of the Board
THE C.T. CLYNE COMPANY
1270 Avenue of the Americas
New York, New York 10020

Dear Mr. Clyne:

This will confirm the notification given verbally by Loren Smith, General Counsel of the Reagan for President Committee, giving notice of our intent to terminate the agreement dated October 5, 1979 with The C.T. Clyne Company for services to the Reagan for President Committee. The 30-day notice period will begin on January 29, 1980, and will end February 27, 1980.

Very truly yours,

Bay Buchanan

Bay Buchanan
Treasurer

BB:da

cc: Loren Smith

8304012

TO: BILL CASEY

FROM: BAY BUCHANAN

DATE: 4/12/80

RE: CLYNE COMPANY

Terry Clyne has recently written you about the outstanding bill with Clyne Company. He indicates that RFP and Clyne Company differ on two points. Our position is as follows:

1. "Copter" Commercial--total cost to RFP $42,000.72 (including $28,000 to EUE). The quality of the commercial was so poor it could not be used for TV. Clyne Company attempted to clean it up, to improve the quality--acknowledging its poor state. RFP never was able to use this commercial.

2. The fees for October, November and December of $25,000/month were advance on commissions to be earned in January, February and March. Since the contract was terminated effective February 27, 1980, no commission was earned in March. In addition, Clyne Company earned only $14,136.78 commission on media billings. (They received another $30,000 on agency mark-ups).

3. The contract was drafted by Pete Hannaford. I signed the contract after I was informed by John Sears and Ed Meese that the contract was approved by the "management team."

It should be noted that the commercials Clyne Company produced for us were exceedingly expensive, using competitive bidding only after RFP expressed concern for the high cost of the first set of commercials. The service on the collateral material was so poor that RFP had to purchase buttons and bumper stickers locally in some states while other states received the material only days before their primaries.

In summary, Clyne Company's service was terrible, quality of product generally poor, and costs extremely high. It was a costly relationship--with respect to money paid Clyne, money paid other vendors as a result of Clyne's poor performance, and RFP staff time.

BB:da

cc: Dick Withlin

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Ms. Bay Buchanan

The Clyne Company, Inc.

ADVERTISING

59 East 64 Street, New York, NY 10021

C. TERENCE CLYNE
CHAIRMAN OF THE BOARD

May 7, 1980

Mr. William J. Casey
Rogers & Wells
200 Park Avenue
New York, N.Y. 10017

Dear Mr. Casey:

I am taking the liberty of getting in touch with you directly to help us solve a problem that has been going on since the Fall of 1979.

Early last Fall after several meetings with Peter Hannaford and meetings with the entire Committee we were appointed agency for the Governor's presidential campaign.

I am enclosing copy of contract dated October 5, 1979, which was prepared by Miss Bay Buchanan at the direction of Peter, after he and I had agreed upon financial details, etc.

You will note in paragraph 9 the condition that the agency was to receive $25,000 per month advance in the months of October, November and December 1979. This was agreed upon so that we would have a guarantee of $75,000 in 1979 to take care of our expenses in proceeding with all of the anticipated needs and work load.

Although we made repeated calls to Los Angeles from November thru March we never received any of this guaranteed $75,000. I am further enclosing copy of a letter I wrote Charlie Black on January 15. Meantime beyond the contributions of our senior management group we had added to staff an account supervisor, a copywriter and an art director to work on the Reagan campaign.

We undertook an enormous amount of creative work for the Committee, including creation of three television commercials, supervision of the Iowa speech by the Governor and various important pieces of display and brochure material, ranging from buttons to stickers to posters and brochures.

At the end of January, we were terminated as of February 27. Mr. Trent, a stranger to us who had taken over campaign finances told us on the phone that the reasons were money being very light - he was cutting

8304038123 7

back on expenses in every area - our commission rates and production costs were too high to continue. I understand Mr. Trent is no longer with the Committee.

On March 18 in a further effort to get payments due us, our Mr. Rothenberger wrote Bay with a summary of billings and payments, etc. (Copy of this letter is attached.)

Further phone calls being ineffective, we asked our counsel to get in touch with Bay, which he did, and attached is copy of Bay's response to Mr. Rubin.

Also attached is Bay's letter of April 23 to our Mr. Connolly with attached summary. We are agreeable to Bay's summary with one important difference. Bay is taking the position that the Committee should deduct the cost paid a producer by the Committee from what is owed us for a TV commercial called "Copter". I know you will understand that we were acting as your agent with a television producer - EUE, one of the largest and highest qualified production houses in the country - who was approved by the Committee, to produce a storyboard prepared by the agency.

I think you will find that the opinion of some was that the appearance of the Governor, due to the difficulty of interior lighting in the helicopter, was not as complimentary to him as in the other commercials.

In addition, of course, Bay continues to make no reference whatever to the $75,000 owed us from 1979 referred to earlier in this letter.

We do think that the media commissions earned in 1980, as shown on Bay's invoice (A) should be deducted from the $75,000.

So here is the way we re-cap the balance due us.

Balance shown by Bay	$ 8,130.48
"Copter" Commercial Cost	45,000.00
	53,130.48
Oct., Nov., Dec. Fees	75,000.00
	128,130.48
Less: Commissions earned in 1980	14,136.78
	$ 113,993.70

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In closing I would like to remind us all that the advertising campaign for the Governor that was created by us and has been the theme throughout his successful campaign - "America is a great country but it is not being run like a great country. Let's make America great again" - that two of the three commercials that were produced were thought to be exceptionally good by the Committee and were scheduled extensively and that 500,000 brochures, 500,000 bumper stickers, 500,000 buttons and 75,000 large posters printed-are still being circulated in primary after primary.

You may have seen the picture of the Governor in the Daily News last Saturday which shows him with our large poster.

Thank you for your time and attention and we look forward to hearing from you.

And although we are no longer your formal agency, we would look forward enthusiastically to participating again in any way that could be helpful come the battle in the Fall.

Sincerely,

CTC/vb
Enc.

CC - Ms. Bay Buchanan

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REAGAN FOR PRESIDENT

Summary of Clyne Bills

			BILLED	PAID	BALANCE
A.	INVOICES INVOLVING COMMISSION ON BILLINGS:				
1.	T-1-6	Announcement speech and Iowa ½ hour	3,859.80		
2.	T-1-9	N.H./Mass. 1/22-1/29	3,670.57		
3.	T-1-10	(a) Iowa television	680.21		
		(b) Iowa radio spots written, produced and delivered completed in house. NO COMMISSION WARRANTED	-0-		
4.	T-2-1	T.V. 1/29 - 2/4	5,926.20		
			14,136.78		14,136.78
B.	MISCELLANEOUS				
	Per attached summary sheet		4,008.57	3,050.13	968.44
C.	COLLATERAL				
1.	RR 2000	Announcement	1,158.70	1,158.70	
2.	RR 2001	Campaign button	329.12		
3.	RR 2002	Bumper sticker	246.42		
4.	RR 2003	Poster	1,617.74		
5.	RR 2004	Brochure	1,820.91	30,000.00	
6.	RR 2005	Buttons	11,739.79	15,500.00	
7.	RR 2006	Bumper sticker	29,918.74	17,014.53	
8.	RR 2007	Posters	13,602.69	7,195.00	
9.	RR 2008	Brochures	11,806.19		
			72,240.30	70,868.23	1,372.07
D.	PRINT				
	Per attached summary sheet		9,039.88	1,296.80	7,743.08
E.	TELEVISION				
1.	RR 4001	TV commercials	79,807.67	60,000.00	
	Less:	Taxes improperly billed	(4,270.00)		
	RR 4001	Additional billing	6,193.10		
2.	RR 4002	Cassettes	241.18		

8 5 0 4 0 8 1 2 1 5

		BILLED	PAID	BALANCE
3.	RR 4003 Cassettes Less:Taxes improperly billed	376.95 (24.00)		
4.	RR 4004 TV commercial - "Copter ad" Note: Quality of commercial was so poor it could not be used for TV.	-0-	45,000.00	
5.	RR 4005 Iowa Rally	2,644.94		
6.	RR 4006 Duplicates of first commercials	4,781.36	5,003.00	
7.	RR 4007 Iowa Rally	41,503.14	34,500.00	
8.	RR 4008 Talent costs for 2/26 - 3/8 Did not use commercials during this time. Clyne Co. informed of this by Ruth Jones.	-0-		
9.	RR 4009 Talent fees for second cycle. Did not have a second cycle. Clyne Co. informed of this by Ruth Jones.	-0-	2,841.23	
10.	RR 4010 Cancelled	-0-		
		$131,254.34	$147,344.23	$(16,089.
	GRAND TOTAL:	$230,679.87	$222,549.39	$ 8,130

Balance owing Clyne Co. - $8,130.48

8304.0381241

MISCELLANEOUS

ESTIMATE #	DESCRIPTION	ESTIMATE	AMOUNT BILLED	AMOUNT PAID	BALANCE
RR 1000	general number opened to pick-up misc. expenses	no estimate billed as accrued	$1,417.04 ✓ 2,594.46 ✓ 748.29 ✓ 155.15 ✓ 65.00 ✓	$ 813.00 ✓ 2,227.13 ✓	0 0 $748.29 155.15 65.00
RR 1001	Video cassettes of Moyers, Jr.	$452.95	cancelled and put on RR 1000; included in $748.29		-
		Total -	$4,979.94	$3,040.13	$968.44
			18	X	X
			less 971.37 credit granted		
			4008.57		

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PRINT

ESTIMATE #	DESCRIPTION	ESTIMATE	AMOUNT BILLED	AMOUNT PAID	BALANCE D
RR 3000	Tune-in ad NOVEMBER	$ 6,403.91	$ 7,445.37 ✓	--	$7,445.37
RR 3001	Iowa Tune-in ad Mailing	1,296.80	~~1172.01~~ 422.50	$ 1,296.80 ✓	~~(124.7~~ 422.5
		Total -	$ 9,039.88 ✓	$ 1,296.80 ✓	$7,743.08 ✓

8304038121

REAGAN for PRESIDENT

9841 Airport Boulevard
Suite 1430
Los Angeles, California 90045
213/670-1981

October 5, 1979

Mr. C. T. Clyne
Chairman of the Board
The C. T. Clyne Co.
1270 Avenue of the Americas
New York, New York 10020

Dear Mr. Clyne:

This will confirm the agreement between this committee and your company to provide advertising agency services to the 1980 Ronald Reagan Presidential campaign.

It is our understanding that you will provide services from all of your departments with the exception of research and media for the purposes of creating and producing the Reagan campaign advertising.

For this, you will receive a fee equivalent to 11 percent of all media billings except for billings on Mr. Reagan's November 13, 1979 syndicated and net work television candidacy announcement.

Your firm will receive a $25,000 per month advance for the months of October, November and December, 1979. This amount will be deducted in monthly increments of $25,000 from the earned fees in January, February and March, 1980.

We agree that you will add the customary agency mark up of 17.65 percent to production invoices billed to us by you.

Your out-of-pocket expenses such as travel and lodging on Reagan for President Committee business will be billed to us at net cost.

We agree that you will provide office space within the agency for the Committee's media team from the firm of Ruth Jones, Ltd. at no extra cost to the Committee.

Reagan for President—United States Senator Paul Laxalt, Chairman. Pat Buchanan, Treasurer.
A copy of our report is filed with and available for ...

This agreement may be terminated on thirty days notice by either party.

If the foregoing meets with your approval, please sign and return one copy to us for our files. Thank you.

Very truly yours,

REAGAN FOR PRESIDENT COMMITTEE

Bay Buchanan

Bay Buchanan
Treasurer

ACCEPTED AND APPROVED
BY THE C. T. CLYNE CO.

BY: C. T. Clyne

Date: Oct 25, 1979

3 3 0 4 0 8 1 2 3

RELEASE

In consideration for the complete settlement of all accounts and the payment of $40,000, The Clyne Company hereby grants a full and complete release of all claims possessed by it against Reagan for President or its legal successor entities.

This release also certifies that The Clyne Company knows of no claims against Reagan for President by any vendors that it contracted with on behalf of Reagan for President.

If any such claims do exist then The Clyne Company shall be financially responsible for such claims.

This release shall bind not only The Clyne Company but the Company's stockholders and legal successors.

July 29, 1980
Date

By C. T. Clyne

By Bay Buchanan
Treasurer
Reagan for President

C 0 4 0 0 1 2 1 6

RELEASE

In consideration for the complete settlement of all accounts and the payment of $15,000, The Clyne Company hereby grants a full and complete release of all claims possessed by it against Reagan for President or its legal successor entities.

This release also certifies that The Clyne Company knows of no claims against Reagan for President by any vendors that it contracted with on behalf of Reagan for President.

If any such claims do exist then The Clyne Company shall be financially responsible for such claims.

This release shall bind not only The Clyne Company but the Company's stockholders and legal successors.

July 29, 1980
Date

C. T. Clyne
By C. T. Clyne

By Ray Buchanan
Treasurer
Reagan for President

8304012 3

July 30, 1980

C. T. Clyne Company
59 E. 64th Street
New York, New York

Reagan
9113 g/c

Gentlemen:

Enclosed please find Reagan for President check #770 in amount $40,000 made payable to The Clyne Company representing settlement in full of our account with your company.

I am pleased that we were able to resolve this matter amicably.

Very truly yours,

Bay Buchanan
Treasurer

BB:lp

Enclosures

9304060124 5

ATTACHMENT 5

TOMMY THOMAS CHEVROLET

Executive Division
Ronald Reagan

September 30, 1980

rec'd 10-1-80

Ms Neal Peaden
Reagan Bush Committee
901 South Highland Street
Arlington, Virginia 22204

Dear Ms Peaden:

At the request of Mr. Tommy Thomas, I am enclosing herewith the following:

Itemized list of checks paid by Tommy Thomas Chevrolet for the Reagan 80 Campaign.

Photo-copy of ledger page covering said expenses.

Original documents substantiating the enumerated charges.

If any additional information is required, please let me know and we will be happy to cooperate.

Yours very truly,

Laurens P. Russell

LPR:gw

Encl.

Certified Mail #604487

Florida

Tommy Thomas Chev Co Inc Pensacola City FL

Buchanan Chevrolet Co

3504081235

Tommy Thomas Chevrolet, Inc. Panama City, Florida 32401

CHARGES TO REAGAN 80 CAMPAIGN to 8/30/80

4- 3-79	Natl Car Rental	$ 123.98	(2)
5- 1-79	American Express	379.40	(7)
5-15-79	Southern Bell Tel & Tel	127.18	(8)
5-15-79	Master Charge - Dinner, Bill Taylor	38.60	(3)
6-19-79	American Express	960.21	(12)
7-25-79	American Express	957.15	(16)
8-13-79	American Express	377.08	(9)
8-31-79	Natl Car Rental	60.22	(1)
9-18-79	American Express	767.16	(11)
10-16-79	American Express	434.15	(17)
10-22-79	Avis Car Rental	25.94	(10)
11-13-79	Natl Car Rental	154.64	(13)
11-26-79	American Express	499.12	(18)
12-19-79	American Express	471.10	(15)
12-26-79	Natl Car Rental	56.24	(22)
12-31-79	Natl Car Rental	40.23	(23)
1-16-80	American Express	589.91	(25)
2-19-80	Master Charge	126.88	(24)
2-22-80	American Express	416.67	(21)
2-28-80	Natl Car Rental	42.12	(5)
3-27-80	American Express	657.60	(14)
3-27-80	Natl Car Rental	97.79	(19)
4-23-80	Natl Car Rental	81.78	(4)
4-29-80	American Express	1,291.90	(6)
5-27-80	American Express	387.93	(20)
8-26-80	Austin, Exp to Jacksonville	62.56	(27)
8-26-80	American Express	239.06	(26)
	Total to date	$9,466.60	

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Coverage dates 10/1/80 - 10/15/80 Ten-day Pre-General Election Report

FEC FORM 3P
November 1978
Federal Election Commission
1325 K Street N.W.
Washington, D.C. 20463

DEBTS AND OBLIGATIONS

Supporting Line Numbers 12 and 13 of FEC Form 3P

Page 5 of 9 pages
Line Number 13
(Use Separate Schedule(s) for each numbered line)

Any information reported herein may not be copied for sale or use by any person for purposes of soliciting contributions or for any commercial purpose.

Name of Candidate and Committee in Full
Reagan for President

A. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
James Roy Goodearle c/o Thunderbay Corp. 2121 Sage Road, Ste. 121 Houston, TX 77056	11/79	$ 686.98	$ -0-	$ 686.98

NATURE OF OBLIGATION (Details of Debt):
plane fair, food, accommodations

B. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Terry Thomas 705 W. 15 Street Panama City, FL 32401	9/30/80	$ 9,466.60	$ -0-	$ 9,466.60

NATURE OF OBLIGATION (Details of Debt):
travel expenses

C. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Caywood Metcalf Maple Avenue Bowmanton, NY 40444	9/10/80	$ 70.34	$ -0-	$ 70.34

NATURE OF OBLIGATION (Details of Debt):
telephone charges

SUBTOTALS This Period This Page (optional)	$ 10,223.92	$ -0-	$ 10,223.92
TOTAL This Period (last page this line number only)	$	$	$

(When outstanding balance only to appropriate line of summary)

FEC FORM 3P (11/78)

B 3 H4 49968 1 2 3 5 4

C C C 7 7 7

30 day post-general (10-16-80 through 11-24-80) election report

SCHEDULE C-P

November 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

DEBTS AND OBLIGATIONS

Supporting Line Numbers 12 and 13 of FEC Form 3P

Page 2 of 30 for Line Number 13

(Use Separate Schedule for each numbered line)

Any information reported herein may not be copied for sale or use by any person for purposes of soliciting contributions or for any commercial purpose.

Name of Candidate and Committee to Full
Reagan for President

A. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Charles P. Tyson 700 Kettner Blvd. San Diego, CA 92101	7/18/80 5/27/80	117.52 $ 258.92	$ -0-	$ 376.44

NATURE OF OBLIGATION (Details of Debt): 7/2 - 7/24/80 158.51 credit memo incorrectly submitted on last report

air travel, telephone and accommodations

B. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
James R. Goodearle c/o Thunderbay Corp. 2121 Sage Road, Ste. 121 Houston, TX 77056	11/79	$ 686.98	$ -0-	$ 686.98

NATURE OF OBLIGATION (Details of Debt):

plane fare, food, accommodations

C. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Tommy Thomas 705 W. 15 Street Panama City, FL 32401	9/30/80	$ 9,466.60	$ -0-	$ 9,466.60

NATURE OF OBLIGATION (Details of Debt):

travel expenses

SUBTOTALS This Period This Page (optional)	$10,530.02	$ -0-	$ 10,530.02
TOTAL This Period (last page this calendar year)	$	$	$

CARRY OUTSTANDING BALANCE ONLY TO APPROPRIATE LINE OF SUMMARY.

FEC Form 3P (Revised 11/79) Schedule C-P (3P)

11/25/80 - 12/31/80 Year-end Report

SCHEDULE C/P

September 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

DEBTS AND OBLIGATIONS

Supporting Line Numbers 12 and 13 of FEC Form 3P

Page 2 of 30 for
Line Number 13
(Use Separate Schedules for each numbered line)

Any information reported herein may not be copied for sale or use by any person for purposes of soliciting contributions or for any commercial purpose.

Name of Candidate and Committee in Full
Reagan for President

A. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Charles P. Tyson 780 Kettner Blvd. San Diego, CA 92101	5/27/80	$376.44	$ -0-	$ 376.44

NATURE OF OBLIGATION (Details of Debt):
air travel, telephone and accommodations

B. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
[illegible] c/o Thunderbird Corp. 2121 Sage Road, Suite 121 Houston, TX 77056	11/79	$686.98	$ 686.98	$ -0-

NATURE OF OBLIGATION (Details of Debt):
plane fare, food, accommodations

C. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Tommy Thomas 705 W. 15th Street Panama City, FL 32401	9/30/80	$9,466.60	$ -0-	$ 9,466.60

NATURE OF OBLIGATION (Details of Debt):
travel expenses

SUBTOTALS This Period This Page (optional)	$ 10,530.02	$ 686.98	$ 9,843
TOTAL This Period (Last page this line number only)	$	$	$

CARRY OUTSTANDING BALANCE ONLY TO APPROPRIATE LINE OF SUMMARY.

Approved by GAO B-187620 (RO871), Expires 82-2-28

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ATTACHMENT 6: PROPOSED LETTERS

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Scott MacKenzie, Treasurer
Reagan for President Committee
Box 4207
Arlington, Virginia 22204

Re: MUR 1360

Dear Mr. MacKenzie:

On , 1981, the Federal Election Commission determined that there is reason to believe the Reagan for President Committee ("Committee") violated 2 U.S.C. § 441a(f), § 434b(8), § 441b(a), and 11 C.F.R. § 104.3(d), § 104.11, and § 114.10(c). The Commission further determined that there is no reason to believe the Committee violated 2 U.S.C. § 441b(a) in connection with the settlement of debts owed to MediAmerica and The C.T. Clyne Company. 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 within 15 days of your receipt of this letter. 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive all notifications and other communications from the Commission.

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 Maura White, the staff member assigned to this matter, at 202-523-4057.

Sincerely,

3304081257

Enclosures
General Counsel's Factual and Legal Analysis
Procedures
Counsel Authorization

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____ MUR No. 1360

RESPONDENT Reagan for President Committee STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee ("Committee"), the Audit Division referred this matter to the Office of General Counsel. Involved is the Committee's receipt of excessive contributions from individuals, failure to report outstanding debts and obligations, failure to file two debt settlement statements, receipt of a corporate contribution, and failure to report the correct identification of an entity to which an obligation is owed.

FACTUAL BASIS AND LEGAL ANALYSIS

A. Excessive Contributions from Individuals

Section 44la(a)(l)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000. Section 44la(f) further prohibits any political committee from knowingly accepting any contribution in violation of the contribution limitations.

The term "contribution" is defined at 2 U.S.C. § 431(8)(A)(i) to include any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for federal office. Section 103.3(b)(l) of Commission Regulations provides that contributions which appear to be illegal shall within ten days, be either returned to the contributor or deposited into a campaign depository and reported. If desposited, the committee treasurer shall make and retain a written record noting the basis for the appearance of illegality. A statement noting that the legality of the contribution is in question should be included in the report. Moreover, the treasurer is required to make his or her best efforts to determine the legality of the contribution. Id.

Pursuant to 11 C.F.R. § 103.3(b)(2), when a contribution cannot be determined to be legal, refunds shall be made within a reasonable time, and the treasurer shall note the refund by amending the current report or noting the change on the committee's next required report.

Pursuant to 11 C.F.R. § 104.8(d) (former § 104.5(e)), a contribution which represents contributions by more than one person shall indicate on the written instrument, or on an accompanying written statement signed by all contributors, the amount to be attributed to each contributor.

Based upon Audit's review of Committee records, the Committee's response to the interim audit report, and reports filed by the Committee to date, this matter involves the Committee's apparent receipt of excessive contributions from 259 individuals totalling $100,379.94. 1/ See Attachment 1.

While the Committee has reapportioned certain contributions and refunded other contributions, these apparent facts do not, in the General Counsel's view, vitiate a violation of the contribution limitations. At most, they are mitigating factors to be considered in any future action taken by the Commission in this matter. Therefore, the General Counsel recommends that the Commission find reason to believe the Committee violated 2 U.S.C. § 441a(f) by accepting $100,379.94 in excessive contributions from 259 individuals.

1/ In regard to the $100,379.94 in apparent excessive contributions, the Committee appears to have refunded contributions totalling $56,580.94, reapportioned contributions to other individuals totalling $40,374 and provided no response concerning $3,425 in excessive contributions. However, documentation was provided for only $50,178.44 of the $56,580.94 apparently refunded, and for $29,544 of the $40,374 apparently reapportioned. Moreover, of the documentation of refunds ($50,178.44) only $33,614.94 constituted full documentation, and of the documentation of reapportionments ($29,554) only $29,289 constituted full documentation.

Contributions for which the Committee subsequently reported a data error, or contributions intended for the compliance fund (and deposited into the fund), are not included in the amount of excessive contributions. Contributions which were subsequently refunded or reapportioned are included in the amount of excessive contributions, except where refunds were made within a month of the Committee's receipt of the contribution causing the excess. The average time computed for refunds made by the Committee to individuals is seven months after the Committee's receipt of a contribution in excess of the limitations.

B. Corporate Contributions and the Settlement and Reporting of Corporate Debts

Section 441b(a) of Title 2, United States Code, prohibits any corporation from making any contribution or expenditure in connection with any election to federal office. Section 441b(a) further prohibits any candidate or political committee from knowingly accepting any contribution from a corporation in connection with a federal election. The term "contribution" is defined at 2 U.S.C. § 431(8)(A) to include any gift, subscription, loan, advance, or deposit of money, or anything of value made by any person for the purpose of influencing any election to federal office.

The term "contribution" is further defined at 11 C.F.R. § 100.7(a)(4) 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 the debt. Additionally, a debt owed by a political committee which is forgiven or settled for less than the amount owed is a contribution unless the debt is settled in accordance with the standards set forth at 11 C.F.R. § 114.10. Id.

Pursuant to § 114.10(a), a corporation may extend credit to a candidate, political committee, or other person in connection with a federal election, provided that the credit is extended in the ordinary course of the corporation's business and the terms are substantially similar to extensions of credit to nonpolitical debtors which are of similar risk and size of obligations. Section 114.10(b) prohibits a corporation from forgiving prior debts or settling debts which have been incurred by a candidate, political committee, or other person in connection with a federal election for less than the amount owed on the debt.

Under 11 C.F.R. § 114.10(c), however, a corporation may settle or forgive a debt if the creditor has treated the outstanding debt in a commercially reasonable manner. A settlement will be considered to be commercially reasonable if the initial extension of credit was made in accordance with 11 C.F.R. § 114.10(a), the candidate or political committee has undertaken all commercially reasonable efforts to satisfy the outstanding debt, and the corporate creditor has pursued its remedies in a manner similar in intensity to that employed by the corporation in pursuit of a non-political debtor, including lawsuits if filed in similar circumstances. Id. A corporation and/or the debtor must file a statement of settlement with the Commission including the initial terms of credit, the steps the debtor has taken to satisfy the debt, and remedies pursued by the creditor. This statement must be filed prior to the termination of the reporting status of the debtor, and the settlement is subject to Commission review. Id.

Section 434(b)(8) of Title 2, United States Code, and 11 C.F.R. §§ 104.3(d) and 104.11(a) require a political committee to report the amount and nature of outstanding debts and obligations owed by or to the political committee, and where such debts are settled for less than their reported amount or value, a statement as to the circumstances and conditions under which such debts or obligations were extinguished and the consideration therefor.

1. MediAmerica

The final post-primary audit report stated that, in the course of the audit, documentation was obtained which indicated that the Committee and MediAmerica entered into a settlement agreement in October 1980 in which a balance of $16,566.52 was settled for $4,000. Neither the Committee nor MediAmerica has filed a debt settlement statement with the Commission. A review of reports filed by the Committee has revealed that the Committee did not report, at any time prior to the settlement agreement, any outstanding debts and obligations owed to MediAmerica. The Committee did report, however, payments to MediAmerica for telephone bank and promotional expenses totalling $33,589.33, of which $4,000 comprised the settlement. 2/

Documentation obtained by Audit indicates that on an undetermined date in 1979, the Committee and MediAmerica entered into an oral contract which provided that MediAmerica would conduct telephone fundraising services for the Committee during November and December of 1979. The oral contract, according to the settlement agreement, stipulated that MediAmerica would not expend more, or bill the Committee for more than $25,000 for its fundraising services. However, MediAmerica billed the Committee for the amount of $37,876.80. As of May 2, 1980, prior to the settlement agreement, the Commiteee paid MediAmerica the sum of $29,589.33.

Subsequent to payment to MediAmerica of the sum of $29,589.33, it appears that the Committee was informed orally by MediAmerica on May 5, 1980, that MediAmerica should have billed the Committee for the fair market value of its services ($45,000), rather than at cost ($37,876.80). On July 28,1980, MediAmerica submitted an invoice and letter to the Committee requesting the additional

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2/ Reports filed by the Committee report expenditures to MediAmerica as follows: January 2, 1980 ($10,000); February 8, 1980 ($8,000); February 21, 1980 ($8,589.33); May 2, 1980 ($3,000); and, October 29, 1980 ($4,000).

payment of $15,410.67 ($45,000 less payment already made of $29,589.33). 3/ After apparently no response, or an unsatisfactory response from the Committee, MediAmerica submitted an additional invoice to the Committee on September 18, 1980, 4/ in which MediAmerica informed the Committee that if it did not meet the obligation by September 26, 1980, MediAmerica would take legal action against the Committee. The final communication obtained by Audit is a letter from the Committee to MediAmerica dated October 23, 1980, six days prior to the settlement agreement, which states that the Committee "does not recognize any outstanding indebtedness to MediAmerica" in response to a final invoice submitted to the Committee on October 9, 1980. 5/

On October 29, 1980, the Committee and MediAmerica entered into a settlement agreement. The agreement states that there was an oral contract between the Committee and MediAmerica whereby MediAmerica would not bill the Committee in excess of $25,000, that the Committee as of the date of the settlement agreement had already paid MediAmerica $29,589.33 pursuant to the contract, and that the Committee would pay MediAmerica $4,000 in settlement of the dispute. The agreement also states in pertinent part:

> Whereas RFP [the Committee] believes it has more than satisfied its contractual obligations to MA [MediAmerica], while MA contends that is has additional expenses which should, in fairness, be compensated.
>
> Now, therefore, in consideration of the mutual commitment of both parties to a fair settlement dispute it is herein agreed that the oral contract originally entered into is hereby modified. RFP will pay MA $4,000 on the signing of this agreement. [emphasis added]

3/ The letter also stated MediAmerica's concern that in billing the Committee at "cost," a "possible illegal corporate contribution in the amount of $7,132.00 appears to have been made to the Reagan for President Committee." Moreover, the letter urges the prompt payment of the outstanding balance and notes that "considerable efforts to collect previous overdue balances, extending over a period in excess of six months, have been thwarted by unnecessary delays."

4/ The invoice was in the amount of $15,872.99 ($15,410.67 plus interest penalties of $462.32).

5/ The invoice was in the amount of $16,566.52 ($15,410.67 plus interest penalties of $1,155.85).

In this matter, the Committee apparently received the value of $45,000 in fundraising services from MediAmerica, yet only paid MediAmerica the sum of $33,589.33 for the service. This circumstance (as well as the circumstance concerning The Clyne Company discussed below) raises several issues. The first issue to be considered is whether this disputed debt was required to be reported. A second issue is whether a debt settlement statement was required to be filed when the disputed debt was settled. A third issue is one of whether the settlement of the disputed debt was reasonable, for otherwise an in-kind corporate contribution may have occurred.

In regard to the first issue, the Commission determined in Advisory Opinion 1976-85 that a committee is required to report as an outstanding debt the amount of a debt in dispute. The reasoning in AO 1976-85 was that the Act required reports which are filed to include "the amount and nature of debts and obligations owed by the committee," and that the Commission's then proposed regulations stated that this includes any "promises to make contributions and expenditures." 6/ The opinion further stated that since the Act defined "expenditure" to include "'... a contract, promise or agreement, express or implied, whether or not legally enforceable, to make any expenditure' (2 U.S.C. § 431(f)(2))," a disputed claim was required to be reported.

The debt owed to MediAmerica would be required to be reported if the analysis of Advisory Opinion 1976-85 was applied alone. However, the statute has been amended since Advisory Opinion 1976-85 was issued. In the 1979 Amendments, Congress added the word "written" to the definition of "expenditure," so that now a "written contract, promise, or agreement to make an expenditure (emphasis added) is required. This change, along with the deletion of the phrase "whether or not legally enforceable," suggests that Congress wished to remove from the reporting requirements those contracts, promises, and agreements which are merely oral in nature.

In light of the statutory change noted, it is the view of the General Counsel that the Committee was under no obligation to report the obligation arising simply from the 1979 oral contract. However, because the Committee was billed for expenses in excess of

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6/ While a political committee is required to report the amount of its outstanding debts and obligations, Commission Regulations (promulgated on April 1, 1980) no longer state tht outstanding debts and obligations include "any written contracts, agreements, or promises to make contributions or expenditures." Compare former 11 C.F.R. § 104.2(b)(11) and 11 C.F.R. § 104.3(d).

the $25,000 amount agreed upon, and because the Committee in fact paid more than $25,000 even before the dispute over the final $15,410.67 bill developed, it appears that the oral contract was mutually rescinded or modified. The General Counsel believes that the Committee should have reported as an outstanding debt the amounts it was billed in writing but which it had not paid at the end of the respective reporting periods. Such disclosure should be required in any situation where a reporting entity has received goods or services for which it has not made payment in the amount billed, and the cost of which is in dispute. 7/ The debt should be reported as incurred at the time the invoice for the amount in dispute was received. Therefore, the General Counsel recommends that the Commission find reason to believe the Committee violated 11 C.F.R. §§ 104.3(d) and 104.11, and 2 U.S.C. § 434(b)(8) by failing to report an outstanding obligation to MediAmerica.

Since the Committee and MediAmerica entered into a settlement agreement and settled the disputed debt, it is the view of the General Counsel that a debt settlement statement was required to be filed with the Commission. Pursuant to 11 C.F.R. §§ 104.11, 104.3(d), and 114.10(c), and 2 U.S.C. § 434(b)(8), a statement must be filed when a debt or obligation is settled for less than its reported value. The filing of such a statement enables the Commission to determine whether the settlement of the debt was reasonable, and whether an in-kind contribution arose. Moreover, it is only through the filing of a settlement statement that the circumstances surrounding the settlement would be publicly disclosed. Therefore, it is the view of the General Counsel that the Committee violated 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 114.10(c), 104.3(d) and 104.11 by failing to file a debt settlement statement with the Commission.

With regard to a possible in-kind contribution from MediAmerica to the Committee, it is the position of the General Counsel that there is no basis on which to sustain a violation of 2 U.S.C. § 441b(a). The evidence available does not indicate that the Committee was aware, prior to the completion of services, of the cost overrun by MediAmerica. As MediAmerica appears to have pursued all remedies, short of litigation, to obtain payment from the Committee for the fair market value of the services it provided to the Committee, it is the view of the General Counsel that the debt settlement was reasonable and consistent with past

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7/ A primary reason for requiring debts to be reported is to monitor whether a contribution by the providor of goods or services arises due to payment of less than the usual and normal charge, see 11 C.F.R. § 100.7(a)(1)(iii), or payment after a length of time beyond normal business or trade practice, see 11 C.F.R. § 100.7(a)(4).

Commission action concerning the settlement of debts in dispute. 8/ Therefore, the General Counsel recommends that the Commission find no reason to believe the Committee violated 2 U.S.C. § 441b(a).

2. The C.T. Clyne Company, Inc.

The final post-primary audit report noted that the Committee and the C.T. Clyne Company, Inc. entered into a written agreement on October 5, 1979, whereby The Clyne Company would provide advertising services to the Committee. The letter of agreement states that The C.T. Clyne Company will receive a $25,000 per month advance for the months of October, November, and December, 1979, the advances would be deducted in monthly increments of $25,000 from the earned fees in January, February, and March, 1980, and that the agreement may be terminated on thirty days notice by either party.

Documentation obtained by Audit indicates that by letter dated January 29, 1980, the Committee informed The C.T. Clyne Company that it was terminating its contract effective February 27, 1980. A letter dated May 7, 1980, from The Clyne Company, Inc. indicates that the three advances of $25,000 each had not been received, as provided for in the agreement, and that the company was not reimbursed in the amount of $45,000 for costs incurred in connection with a commercial known as "Copter." 9/

8/ See DSR 672 (Disputed Debt Settlement Agreement of the Minnesota Mining and Manufacturing Company and the 1976 Democratic National Convention, Inc.) and DSR 773 (Debt Settlement Requests of the Dole for President Committee, Inc.)

9/ In an internal memorandum dated April 20, 1980, the Committee Treasurer stated that: 1) the "Copter" commercial could not be used because of its poor quality; 2) the fees for October, November, and December were advances on commissions earned in January, February, and March, but since the contract was terminated effective February 27, 1980, no commission was earned in March; and, 3) in addition to the $14,136.78 in commission on media bilings, The Clyne Company earned another $30,000 on agency mark-ups.

According to the company's letter, the following is owed by the Committee:

Balance shown as owed by the Committee	$8,130.48
"Copter" commercial cost	$45,000.00
October, November, and December Fees (advances)	$75,000.00
Less: Commissions earned in 1980	($14,136.78)
TOTAL:	$113,993.70

On July 29, 1980, the Committee paid The Clyne Company $40,000 for a full and complete release of all claims possessed by the company against the Committee. Thus, a disputed debt of $113,993.70 was settled for $40,000.

The interim post-primary audit report to the Committee recommended that a debt settlement statement be filed with the Commission. In response to the interim audit report, the Committee's Treasurer stated that it was the Committee's position that the filing of a debt settlement statement was not required. The Committee's reasoning was that it had no legal obligation to The Clyne Company, there was no settlement of a debt, and a compromise settlement was produced. The Committee's reply concluded that it "is still of the opinion that it owed the Clyne Company nothing."

In this matter, a disputed obligation of $113,993.70 was settled for $40,000. As with the situation involving MediAmerica discussed above, the same issues are raised and the same analysis applies. Although the Committee appears to have received goods and services from The Clyne Company for which it did not make complete payment, the Committee did not report a debt owed to The Clyne Company for those goods and services. Thus, it is the view of the General Counsel that there is reason to believe the Committee violated 11 C.F.R. §§ 104.3(d) and 104.11 and 2 U.S.C. § 434(b)(8) by failing to report an outstanding obligation to The Clyne Company.

In regard to the Committee's failure to file a debt settlement statement with the Commission, it is the view of the General Counsel that a statement is required to be filed. Although the response of the Committee maintains that there was no settlement of a debt, the settlement agreement entered into by both parties

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provides for "the complete settlement of all accounts and the payment of $40,000." Pursuant to the agreement, The Clyne Company granted the Committee a "full and complete release of all claims" against it. In view of the language contained in the agreement, it appears that a disputed debt was in fact settled for $40,000. Thus, it is the position of the General Counsel that the Committee violated 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 114.10(c), 104.3(d) and 104.11 by failing to file a debt settlement statement with the Commission.

The Committee does not appear to have violated 2 U.S.C. § 441b(a) in regard to the settlement of the disputed debt, in the General Counsel's view. The evidence available indicates that the disputed debt arose from what the Committee perceived as the unsatisfactory performance of the terms of the contract with The Clyne Company. The fact that the Committee terminated its payments to The Clyne Company prior to the expiration of the contract appears to support the Committee's position that the services it received were unsatisfactory. Documentation available indicates that The Clyne Company attempted on numerous occasions to obtain payment from the Committee for its services. In view of these considerations, it is the position of the General Counsel that the settlement of the disputed debt was reasonable and that the Committee did not violate 2 U.S.C. § 441b(a).

3. Tommy Thomas Chevrolet Co., Inc.

During the post-primary audit follow-up work conducted in December, 1980, Audit noted several photocopies of corporate checks and other supporting documentation received by the Committee on October 1, 1980, from Tommy Thomas Chevrolet Co., Inc. The documentation indicates that the expenditures were incurred by Luthur E. Thomas and paid for by Tommy Thomas Chevrolet Co., Inc. 10/

A review of the documentation obtained by Audit indicates that on September 30, 1980, Tommy Thomas Chevrolet Co., Inc. submitted an invoice to the Committee in the amount of $9,466.60. The invoice states that the expenses were "paid by Tommy Thomas Chevrolet for the Reagan '80 Campaign." Documentation accompanying

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10/ Luthur Thomas appears to have been the Reagan for President Executive Director for the Florida Region. It further appears that Tommy Thomas and Luther Thomas are the same individual.

the invoice indicates that the expenses were incurred during the period of April 3, 1979, through August 26, 1980, and were for such costs as car rentals, hotels, telephones, and meals.

A review of reports filed by the Committee has revealed that the Committee reported a debt to Tommy Thomas, rather than to Tommy Thomas Chevrolet Co., Inc. on three filings. 11/ The amount of the debt is reported as $9,466.60 and the date of the obligation is reported as September 30, 1980; the nature of the obligation is reported as "travel expense." The April 15, 1981, quarterly report of the Committee reported an expenditure of $9,180.29 to Tommy Thomas on February 21, 1981, as reimbursement for travel expenses. 12/

It is the view of the General Counsel that a contribution of $9,466.60 from Tommy Thomas Chevrolet Co., Inc. to the Committee existed as a result of the advance made to the Committee by Tommy Thomas Chevrolet Co., Inc. While Commission Regulations at 11 C.F.R. § 114.10 permit a corporation to extend credit to federal candidates and political committees, the Regulations require that the credit be extended in the ordinary course of the corporation's business in order for a contribution not to occur. It is the position of the General Counsel that the exemption is not applicable in this situation because the extension of credit by Tommy Thomas Chevrolet Co., Inc. to the Committee cannot be considered to be in the ordinary course of the corporation's business. The extension of credit by a corporation in the "ordinary course" of its business, necessarily implies that the credit results from the provision of good or services by the corporation which is extending the credit. In the instant matter, Tommy Thomas Chevrolet Co., Inc. appears to have incurred expenses unrelated to its business on behalf of the Committee. It is, therefore, the view of the General Counsel that there is reason to believe the Committee violated 2 U.S.C. § 441b(a) by accepting an advance of $9,466.60 from Tommy Thomas Chevrolet Co., Inc.

11/ The Committee reported a debt to Tommy Thomas on the 10 day pre-general election report, the 30 day post-general election report, and the 1980 Year-End Report.

12/ The April 15, 1981, quarterly filing of the Committee reports, at the close of the reporting period (March 31, 1981), no outstanding debts owed by the Committee. Thus, there is an unexplained discrepancy of $286.31.

c. Reporting of Debts and Obligations in Regard to Tommy Thomas Chevrolet Co., Inc.

Section 434(b)(8) of Title 2, United States Code, requires a political committee to report the amount and nature of outstanding debts and obligations owed by or to the committee. The "nature" of the obligation includes the indentification of the person or entity to whom the obligation is owed. See Schedule C-P, FEC Form 3P.

As discussed earlier, the Committee reported an obligation to the individual Tommy Thomas, rather than to Tommy Thomas Chevrolet Co., Inc. As the invoice to the Committee from the corporation expressly stated that the expenses were paid by the corporation, and the supporting documentation provided to the Committee with the invoice substantiates such payment, it is the position of the General Counsel that the Committee violated 2 U.S.C. § 434(b)(8) by failing to report the correct identification of the entity or person to whom the obligation was owed. Therefore, the General Counsel recommends that the Commission find reason to believe the Committee violated 2 U.S.C. § 434(b)(8).

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General Counsel's Recommendations

1. Find reason to believe the Reagan for President Committee violated 2 U.S.C. § 441a(f).

2. Find reason to believe the Reagan for President Committee violated 11 C.F.R. §§ 104.3(d) and 104.11, and 2 U.S.C § 434(b)(8) in regard to the reporting of obligations to MediAmerica and The Clyne Company.

3. Find reason to believe the Reagan for President Committee violated 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 114.10(c), 104.3(d) and 104.11 in regard to the filing of debt settlement statements concerning MediAmerica and The C.T. Clyne Company.

4. Find no reason to believe the Reagan for President Committee violated 2 U.S.C. § 441b(a) in regard to the settlement of corporate debts.

4. Find reason to believe the Reagan for President Committee violated 2 U.S.C. § 441b(a) in regard to an advance from Tommy Thomas Chevrolet Co., Inc.

5. Find reason to believe the Reagan for President Committee violated 2 U.S.C. § 434(b)(8) in regard to the reporting of an obligation to Tommy Thomas Chevrolet Co., Inc.

ATTACHMENT 1

Individuals who contributed to the Reagan for President Committee in excess of $1,000

NAME AND AMOUNT CONTRIBUTED	REFUND	REAPPORTIONMENT	NO RESPONS
1. Josephine Abercrombie $1,150	$150		
2. Thomas B. Adam $1,075	75		
3. Marilyn C. Allen $2,000	1,000		
4. Bessie Ansley $1,005	5		
5. Oscar Austad $1,075	75		
6. W.R. Bailard $1,325	325		
7. Glennwood Ballinger $1,499.94	499.94		
8. Joyce Bearss $1,100			$100
9. Rudolph Bernatschke $2,050	50	$1,000	
10. Donald W. Berry $1,250	250		
11. D.J. Biller $1,100	100		
12. Penelope Blair $2,000		1,000	
13. Cleve B. Bonner $1,075	50	25	
14. Hazel Bowerman $2,050	1,050		
15. Emily Boxley $1,200	200		
16. J. Allen Bray $1,250	250		
17. Samuel Bretzfield $1,100	100		
18. Russell Britton $1,125	125		
19. H.L. Brooks $1,200	200		
20. Mildred Brown $1,050	50		
21. Howard Butcher, III $2,000	1,000		
22. Mildred Butler $1,215	215		
23. Bill J. Bynum $1,325	325		
24. John P. Cadagan $2,000	1,000		
25. John R. Cahill $2,000	500	500	
26. John Campbell $1,250	250		
27. Richard W. Candland $1,025	25		
28. Harrison Chandler $1,100	100		
29. Louise B. Clark $2,000	1,000		
30. C. Terence Clyne $1,500	500		
31. Clair Cook $1,250	250		
32. Ralph Cornell $1,500	500		
33. Roscoe Cowper $1,150	150		
34. Frank Critelli $1,100	100		
35. Vincent Cullinan $1,100	100		
36. Howard Dagley $1,350	350		
37. John Daidone $1,250	250		
38. Peter Dailey $1,100	100		
39. Poncent Davis, Jr. $1,500	500		
40. James T. Delaney $1,250	150	100	
41. C.R.W. DeSilva $1,050	50		
42. Dennis Devine $2,000	1,000		
43. Manuel Diaz $1,050	50		
44. H.W. Dodge, Jr. $2,000	1,000		
45. John Doremus $1,010	10		

NAME AND AMOUNT CONTRIBUTED	REFUND	REAPPORTIONMENT	NO RESPONSE
46. Jean C. Dougherty $1,800		$800	
47. Jonathan Dugan $1,020	$20		
48. George Duncan $1,200	200		
49. Barbara Eade $1,050	50		
50. Beatrice Eckrich $1,100	100		
51. Lucy E. Edmondson $1,375	375		
52. Adrienne Edmonston $1,032.50	32.50		
53. J. David Eller $1,025	25		
54. Robert Emett $1,500	500		
55. Arthur Engel $1,650		650	
56. Ralph W. Eylar $1,225	225		
57. Charles Farrell $1,275	275		
58. John C. Folger $1,300	300		
59. Alfred Gagnon $1,100	100		
60. Catherine Gamage $1,150	150		
61. Edward Garbini $2,000		1,000	
62. Donald Geary $1,175	175		
63. Dan Gerber $1,300	300		
64. Frank Gerosa $1,250	250		
65. Gordon Geity $2,000	1,000		
66. Claude Gortatowsky $1,350	350		
67. Kenneth Gorman $1,150	150		
68. Elliott Gottfurcht $1,250			$250
69. Robert K. Graham $1,900	900		
70. Irene A. Grant $2,000	1,000		
71. C.H. Grayson $1,250	250		
72. Z. Wayne Griffin $2,000	1,000		
73. Roy Guffey $1,650	550		100
74. Gertrude Guild $1,200	200		
75. Lillian M. Gustafson $1,200	200		
76. Warren Haas $1,200	200		
77. Michael T. Halbouty $1,050	50		
78. W.B. Hamilton $1,050	50		
79. B.K. Hargis $1,200	200		
80. Helen E. Hatcher $1,750	750		
81. L.A. Harvey $2,000	1,000		
82. Mable M. Hay $1,050	50		
83. B.R. Hazard $1,600		600	
84. Donald W. Hedges $1,250	250		
85. Robert Henneberger $1,340	340		
86. M.W. Henrie $1,100	100		
87. Arthur Hercz $1,400	135	165	100
88. Sarah T. Hermann $1,100	100		
89. Herbert T. Hill $1,350		250	100
90. Barron Hilton $1,750	750		
91. Ernest G. Holtze $1,200	200		
92. Essa T. Hoover $1,205	205		
93. W.H. Hyde $1275	275		
94. Carl Karcher $1,200	200		

NAME AND AMOUNT CONTRIBUTED	REFUND	REAPPORTIONMENT	NO RESPONSE
95. King Karpen $1,850	$350	$500	
96. Smig Katayama $1,200	200		
97. Dwight Kendall $1,035	35		
98. Marie E. Kennedy $1,800	800		
99. Helen K. Kelley $1,150	150		
100. James Kemper $1,250	250		
101. Thelma N. Kieckhefer $1,250	250		
102. Wayne W. Killion $1,100	100		
103. Johanna Knowlton $1,200	200		
104. Laurella Kobusch $1,120	120		
105. Anne Kurzet $1,025			$25
106. B.F. Lamb $1,500	210	290	
107. Michael Lamoregese, Jr.	250		
108. Ruth Lang $1,490	490		
109. Emily Larkin $1,165	165		
110. Helen O. Laurer $1,125	125		
111. John T. Lennon $2,000	1,000		
112. O.B. Lewis $1,250	250		
113. Helen C. Lincoln $1,350	350		
114. Harry Lucas, Jr. $1,050	50		
115. Angus McDonald $1,500	500		
116. R. W. Mac Dougall $1,020	20		
117. William Manning $2,200	1,200		
118. Jane T. Martin $2,000		1,000	
119. Lois K. Mayer $1,250	250		
120. David Maytag $1,050	50		
121. Anne Mazzella $1,500	500		
122. Helen T. McCann $1,150	150		
123. Barbara McCormick $1,300	300		
124. M.J. McCormick $1,200	200		
125. E. McElvaney, Jr. $2,000		900	100
126. Fanny H. McKenzie $1,500	500		
127. Avery McMillian $2,000	1,000		
128. Wilson McNary $1,250	250		
129. John E. Meehan $2,000			1,000
130. George Mehl $1,100	100		
131. Lester J. Mekelburg $1,131	131		
132. Albert U. Metzger $1,075	75		
133. Mary S. Miller $1,250	250		
134. Dorothy Mitchell $1,100	100		
135. Roy P. Moeller $1,065	65		
136. Jim Moore $2,000		1,000	
137. Glenn Morris $1,050	50		
138. Eleanor Morrisey $1,080	80		
139. Elaine Moseley $1,125	125		
140. Isabel Mott $1,500	500		
141. Gene Mulvihill $2,000		1,000	
142. David Murdock $2,000		1,000	
143. Catherine Murphy $1,250		250	

NAME AND AMOUNT CONTRIBUTED	REFUND	REAPPORTIONMENT	NO RESPONSE
144. Warren Musser $1,500	$500		
145. Grace V. Naylor $1,772.50	747.50	$25	
146. Maude Nichols $1,500	500		
147. Don W. Noren $1,050	50		
148. Frances O'Brien $1,270	270		
149. Mary O'Brien $1,550	550		
150. E.B. Ogden, Jr. $1,200	200		
151. S. Wayne O'Keefe $1,500	500		
152. Norbert Olberz $1,050	50		
153. Jack Overstreet $1,005	5		
154. Armand Palmisano $1,150	150		
155. Kathleen Parriott $1,250	250		
156. Charles Payson $2,000	500		$500
157. M.W. Pegram $1,100	100		
158. James Person $1,210	210		
159. Gwen Pettit $1,575	325	250	
160. James H. Pullman, Sr. $1,375	325		50
161. Linda Radovan $1,225	225		
162. Laura K. Read $1,100	100		
163. James A. Reed $1,150	150		
164. Brooke Reeve, Jr. $1,200	200		
165. Stephen Rega $1,050	50		
166. Hargey T. Reid $1,050	50		
167. Mathilda Reisenhus $1,025	25		
168. Lois T. Rieger $1,305	305		
169. Bruce G. Robert $1,100	100		
170. Esther Roberts $1,850	850		
171. John L. Roper, II $1,750		750	
172. Elizabeth Rospigliosi $1,250	250		
173. Elmer Rubac $1,100	100		
174. William Rutherford $1,100	100		
175. Winfield Schuster $1,250	250		
176. C. Scott Parker $1,160	160		
177. Thomas Sefton $2,200	700		500
178. Richard Shaheen $1,500			500
179. Bula Somms $1,135	135		
180. Colin J. Smith $1,100	100		
181. Harriette Smith $1,125	125		
182. O. Telfair Smith $1,875	375	500	
183. Murray Smitheram $1,600	250	250	100
184. P.E. Spalding $1,100	100		
185. Pearl Spear $1,300	300		
186. William Spencer $1,750	250	500	
187. Mary Jane Straka $1,500	500		
188. F.B. Streator $1,150	150		
189. Joseph Sullivan $1,500	500		
190. R. Dana Sullivan $1,200	200		
191. Carl Sweeney, Jr. $1,100	100		
192. Joyce Tannehill $1,100	100		
193. Sarkes Tarzian $1,300	300		
194. Dora Tester $1,300	300		
195. Edith Trea $1,085	85		
196. Gary Triano $1,200	200		

NAME AND AMOUNT CONTRIBUTED	REFUND	REAPPORTIONMENT	NO RESPONSE
197. Edith Vadeboncoeur $1,100	$100		
198. Carlos Vega $1,500	500		
199. Marian Vetrano $1,050	50		
200. Lois Wallace $1,010	10		
201. Minna Wallis $1,025	25		
202. Laurie Waring $1,350	350		
203. David W. Warner $1,250		$250	
204. Florence Wasmer $1,250	250		
205. Richard Waugh $1,050	50		
206. Leland Whittier $2,000	1,000		
207. N. Paul Whittier $2,000	1,000		
208. C.H. Wilkins $1,500		500	
209. S.I. Williams $1,225	225		
210. Betty Wilkinson $1,100	100		
211. Edward Woods $1,495		495	
212. K.T. Wright $1,250	250		
213. Kyle Trout, Jr. $1,200	200		
214. Laurence Beilenson $1,300		300	
215. C.J. Berst $2,000		1,000	
216. Karl Boeckmann $1,500		500	
217. Janine Boehm $1,400		400	
218. John E. Chance $1,300		300	
219. John H. Chance $1,300		300	
220. William Cowling $1,300		300	
221. Theodore Danforth $2,000		1,000	
222. E. Peter Erland $2,000		1,000	
223. Andrew Friedman $1,500		500	
224. George Glover $1,050		50	
225. Frank L. Gofrank $2,000		1,000	
226. Robert Hanagan $1,500		500	
227. Bette Hervey $1,205		205	
228. William Howlett $1,300		300	
229. Floy Hunter $1,500		500	
230. Arthur Koski $2,000		1,000	
231. W.T. Kelly, Jr. $2,000		1,000	
232. Ronald Mattison $1,350		350	
233. Dennis Metzler $2,000		1,000	
234. Joann Minshall $1,350		350	
235. Joseph A. Moore $1,250		250	
236. John A. Morris $1,250		250	
237. Tom Moyer $1,500		500	
238. Leo Newcombe $1,200		200	
239. P.M. Ochs $2,000		1,000	
240. William Panny $1,250		250	
241. Katerine Pardee $1,400		400	
242. Stephen Peck $2,000		1,000	
243. W.W. Rapley $1,350		350	
244. V. Earl Roberts $1,150		150	
245. J. Marshall Robbins $2,000		1,000	
246. Carlos Salman $1,250		250	
247. Charles Sanford $1,900		900	
248. Anthony Sharp $2,000		1,000	

NAME AND AMOUNT CONTRIBUTED	REFUND	REAPPORTIONMENT	NO RESPONSE
249. T.G. Singlehurst $1,600		$600	
250. E.A. Smith, Jr. $1,750		750	
251. R.E. Straith $1,500		500	
252. W. Clement Stone $2,000		1,000	
253. Dorothy Symons $1,064		64	
254. Paul Talbert $1,750		750	
255. Kenneth Taylor $1,500		500	
256. Don Vannerson $1,555		555	
257. Louis Weil, Jr. $1,500		500	
258. Peter Weisel $1,250		250	
259. Arthur Keiselback $1,250	$250		
TOTAL: $100,379.94	$56,580.94	$40,374	$3,425

3504038127

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Hazel Bowerman
415 Burns Drive
Whittier Towers
Detroit, Michigan 48213

Re: MUR 1360

Dear Ms. Bowerman:

On , 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

Enclosures

8304038127

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____ MUR 1360

RESPONDENT Hazel Bowerman STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee, this matter was referred to the Office of General Counsel for a possible violation of 2 U.S.C. § 441a(a)(1)(A).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000.

Documentation obtained during the audit of the Reagan for President Committee revealed that Hazel Bowerman made the following contributions to the committee:

Date of Contribution	Amount of Contribution
4-18-79	$ 250
2-21-80	$1,000
3-18-80	$ 250
4-09-80	$ 500
7-18-80	$ 50

A review of Reagan for President Committee records further revealed that Hazel Bowerman received a $1,050 contribution refund on August 25, 1980.

8 3 0 4 0 0 8 1 2 7 6

As Hazel Bowerman contributed $1,050 in excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that Hazel Bowerman violated 2 U.S.C. § 441a(a)(1)(A).

Recommendation

Find reason to believe Hazel Bowerman violated 2 U.S.C. § 441a(a)(1)(A).

3304081279

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Raymond K. Cooper
8085 Shawnee Run Road
Cincinnati, Ohio 45243

Re: MUR 1360

Dear Mr. Cooper:

On , 1981, the Federal Election Commission determined that there is reason to believe that you violated section 44la(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

Enclosures

3504036812311

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____ MUR 1360

RESPONDENT Raymond Cooper STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee, this matter was referred to the Office of General Counsel for a possible violation of 2 U.S.C. § 441a(a)(1)(A).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000.

Documentation obtained during the audit of the Reagan for President Committee revealed that Raymond Cooper made the following contributions to the committee:

Date of Contribution	Amount of Contribution
10-10-79	$1,000
(illegible)	$ 500
10-09-79	$ 500
11-12-79	$ 500

A review of Reagan for President Committee records further revealed that Raymond Cooper received a $500 contribution refund on April 29, 1981.

3 3 0 4 0 3 6 1 2 3 3

As Raymond Cooper contributed $1,500 in excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that Raymond Cooper violated 2 U.S.C. § 44la(a)(1)(A).

Recommendation

Find reason to believe Raymond Cooper violated 2 U.S.C. § 44la(a)(1)(A).

6 5 0 4 0 3 8 1 2 3 3

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Michael Cross
910 North Green Bay Road
Lake Forest, Illinois 60045

Re: MUR 1360

Dear Mr. Cross:

On , 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

Enclosures

6304038123

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____ MUR 1360

RESPONDENT Michael Cross STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee, this matter was referred to the Office of General Counsel for a possible violation of 2 U.S.C. § 441a(a)(1)(A).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000.

Documentation obtained during the audit of the Reagan for President Committee revealed that Michael Cross made the following contributions to the committee:

Date of Contribution	Amount of Contribution
10-25-79	$3,000
3-07-80	$500

A review of Reagan for President Committee records further revealed that Michael Cross received a $2,500 contribution refund on December 18, 1980. (While Michael Cross also contributed $250 to the Committee on December 7, 1979, the Committee refunded $250 to Mr. Cross that same day.)

3 3 0 4 0 3 8 1 2 3 6

As Michael Cross contributed $2,500 in excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that Michael Cross violated 2 U.S.C. § 441a(a)(1)(A).

Recommendation

Find reason to believe Michael Cross violated 2 U.S.C. § 441a(a)(1)(A).

3 3 0 4 0 0 6 1 0 3 7

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Edward DeLoreto
7333 E. Rio Flora Place
Downey, California 90241

Re: MUR 1360

Dear Mr. DeLoreto:

On , 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

Enclosures

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____ MUR 1360

RESPONDENT Edward DeLoreto STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee, this matter was referred to the Office of General Counsel for a possible violation of 2 U.S.C. § 441a(a)(1)(A).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committee with respect to any election to federal office which in the aggregate exceed $1,000. Pursuant to 11 C.F.R. § 104.8(d) (former § 104.5(e)), a contribution which represents contributions by more than one person shall indicate on the written instrument, or on an accompanying written statement signed by all contributors, the amount to be attributed to each contributor.

Documentation obtained during the audit of the Reagan for President Committee revealed that Edward DeLoreto made the following contributions to the committee:

Date of Contribution	Amount of Contribution
3-27-79	$ 250
5-23-79	$1,000
12-22-79	$1,000

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In response to a request for additional information sent by the Commission, the Reagan for President Committee, on May 27, 1980, reported the reapportionment of Edward DeLoreto's contributions of $1,000 and $250 to Mrs. Jill DeLoreto and Mr. Eric DeLoreto, respectively.

As Edward DeLoreto contributed $1,250 in excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that Edward DeLoreto violated 2 U.S.C. § 441a(a)(1)(A).

Recommendation

Find reason to believe Edward DeLoreto violated 2 U.S.C. § 441a(a)(1)(A).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Albert B. Frowiss
Box 909
Rancho Sante Fe, California 92067

Re: MUR 1360

Dear Mr. Frowiss:

On , 1981, the Federal Election Commission determined that there is reason to believe that you violated section 44la(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

Enclosures

3304038123

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____ MUR 1360

RESPONDENT Albert Frowiss STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee, this matter was referred to the Office of General Counsel for a possible violation of 2 U.S.C. § 441a(a)(1)(A).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committee with respect to any election to federal office which in the aggregate exceed $1,000. Pursuant to 11 C.F.R. § 104.8(d) (former § 104.5(e)), a contribution which represents contributions by more than one person shall indicate on the written instrument, or on an accompanying written statement signed by all contributors, the amount to be attributed to each contributor.

Documentation obtained during the audit of the Reagan for President Committee revealed that Albert Frowiss made the following contributions to the committee:

Date of Contribution	Amount of Contribution
3-30-79	$1,000
4-01-79	$1,000
5-20-79	$ 150
9-06-79	$ 400
9-07-79	$ 600

A review of Reagan for President Committee records further revealed that Albert Frowiss received a $150 contribution refund on December 7, 1980. Moreover, in response to a request for additional information sent to the Reagan for President Committee, the Committee reported, on May 27, 1980, the reapportionment of two contributions by Albert Frowiss, totalling $1,000, to Rosemarie Frowiss.

As Albert Frowiss contributed $2,150 excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that Albert Frowiss violated 2 U.S.C. § 44la(a)(1)(A).

Recommendation

Find reason to believe Albert Frowiss violated 2 U.S.C. § 44la(a)(1)(A).

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

B.D. Gilbert
100 East 42nd Street
New York, New York 10017

Re: MUR 1360

Dear Mr. Gilbert:

On , 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

Enclosures

8304040127

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____ MUR 1360

RESPONDENT B.D. Gilbert STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee, this matter was referred to the Office of General Counsel for a possible violation of 2 U.S.C. § 441a(a)(1)(A).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000.

Documentation obtained during the audit of the Reagan for President Committee revealed that B.D. Gilbert made the following contributions to the committee:

Date of Contribution	Amount of Contribution
10-19-79	$1,000
11-08-79	$2,000

A review of Reagan for President Committee records further revealed that B.D. Gilbert received a $2,000 contribution refund on October 16, 1980.

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As B.D. Gilbert contributed $2,000 in excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that B.D. Gilbert violated 2 U.S.C. § 44la(a)(1)(A).

Recommendation

Find reason to believe B.D. Gilbert violated 2 U.S.C. § 44la(a)(1)(A).

8204038120

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Peter Hon
30513 Rhone Drive
Rancho Palos VDS, California 90274

Re: MUR 1360

Dear Mr. Hon:

On , 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

Enclosures

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____ MUR 1360

RESPONDENT Peter Hon STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee, this matter was referred to the Office of General Counsel for a possible violation of 2 U.S.C. § 441a(a)(1)(A).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000.

Documentation obtained during the audit of the Reagan for President Committee revealed that Peter Hon made the following contribution to the committee:

Date of Contribution	Amount of Contribution
10-03-79	$3,000

A review of Reagan for President Committee records further revealed that Peter Hon received a $2,000 contribution refund on April 29, 1981.

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As Peter Hon contributed $2,000 in excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that Peter Hon violated 2 U.S.C. § 44la(a)(1)(A).

Recommendation

Find reason to believe Peter Hon violated 2 U.S.C. § 44la(a)(1)(A).

8304081303

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Forrest C. Lattner
Box 837
Delray Beach, Florida 33444

Re: MUR 1360

Dear Mr. Lattner:

On , 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

Enclosures

3304081300

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____ MUR 1360

RESPONDENT Forrest C. Lattner STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee, this matter was referred to the Office of General Counsel for a possible violation of 2 U.S.C. § 441a(a)(1)(A).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000.

Documentation obtained during the audit of the Reagan for President Committee revealed that Forrest C. Lattner made the following contribution to the committee:

Date of Contribution	Amount of Contribution
5-24-79	$2,500

A review of Reagan for President Committee records further revealed that Forrest C. Lattner received a $1,500 and $500 contribution refund on May 12, 1980, and June 10, 1980, respectively.

As Forrest C. Lattner contributed $1,500 in excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that Forrest C. Lattner violated 2 U.S.C. § 44la(a)(1)(A).

Recommendation

Find reason to believe Forrest C. Lattner violated 2 U.S.C. § 44la(a)(1)(A).

8304081307

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

William Manning
3337 Faircrest Drive
Anaheim, California 92804

Re: MUR 1360

Dear Mr. Manning:

On , 1981, the Federal Election Commission determined that there is reason to believe that you violated section 44la(a)(l)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

Enclosures

3504081309

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____ MUR 1360

RESPONDENT William Manning STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee, this matter was referred to the Office of General Counsel for a possible violation of 2 U.S.C. § 441a(a)(1)(A).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000.

Documentation obtained during the audit of the Reagan for President Committee revealed that William Manning made the following contributions to the committee:

Date of Contribution	Amount of Contribution
8-23-79	$1,000
4-25-80	$ 400
4-25-80	$ 400
4-25-80	$ 400

A review of Reagan for President Committee records further revealed that William Manning received a $1,200 contribution refund on August 25, 1980.

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As William Manning contributed $1,200 in excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that William Manning violated 2 U.S.C. § 441a(a)(1)(A).

Recommendation

Find reason to believe William Manning violated 2 U.S.C. § 441a(a)(1)(A).

3304038511

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Warren N. Porter
Route 2
Edgerton, Wisconsin 53534

Re: MUR 1360

Dear Mr. Porter:

On , 1981, the Federal Election Commission determined that there is reason to believe that you violated section 44la(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

Enclosures

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____ MUR 1360

RESPONDENT Warren N. Porter STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee, this matter was referred to the Office of General Counsel for a possible violation of 2 U.S.C. § 441a(a)(1)(A).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000.

Documentation obtained during the audit of the Reagan for President Committee revealed that Warren N. Porter made the following contributions to the committee:

Date of Contribution	Amount of Contribution
3-19-79	$ 100
8-07-79	$ 25
10-05-79	$1,000
10-26-79	$ 50
11-08-79	$1,000
11-19-79	$ 100
12-14-79	$ 100
1-03-80	$ 100
1-07-80	$ 100
2-19-80	$ 100
4-09-80	$ 100
4-15-80	$ 6

A review of Reagan for President Committee records further revealed that Warren N. Porter received a $1,781 contribution refund on October 29, 1980.

As Warren N. Porter contributed $1,781 in excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that Warren N. Porter violated 2 U.S.C. § 441a(a)(1)(A).

Recommendation

Find reason to believe Warren N. Porter violated 2 U.S.C. § 441a(a)(1)(A).

8304038131

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Thomas W. Sefton
Box 1871
San Diego, California 92112

Re: MUR 1360

Dear Mr. Sefton:

On , 1981, the Federal Election Commission determined that there is reason to believe that you violated section 44la(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

Enclosures

3304031317

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____ MUR 1360

RESPONDENT Thomas Sefton STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee, this matter was referred to the Office of General Counsel for a possible violation of 2 U.S.C. § 441a(a)(1)(A).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000.

Documentation obtained during the audit of the Reagan for President Committee revealed that Thomas Sefton made the following contributions to the committee:

Date of Contribution	Amount of Contribution
4-09-79	$ 200
10-08-79	$1,000
7-25-80	$1,000

A review of Reagan for President Committee records further revealed that Thomas Sefton received a $700 contribution refund on December 18, 1980.

As Thomas Sefton contributed $1,200 in excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that Thomas Sefton violated 2 U.S.C. § 441a(a)(1)(A).

Recommendation

Find reason to believe Thomas Sefton violated 2 U.S.C. § 441a(a)(1)(A).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Thomas Trainer
952 N. Alpine Drive
Beverly Hills, California 90210

Re: MUR 1360

Dear Mr. Trainer:

On , 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

Enclosures

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____ MUR 1360

RESPONDENT Thomas Trainer STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee, this matter was referred to the Office of General Counsel for a possible violation of 2 U.S.C. § 441a(a)(1)(A).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committee with respect to any election to federal office which in the aggregate exceed $1,000. Pursuant to 11 C.F.R. § 104.8(d) (former § 104.5(e)), a contribution which represents contributions by more than one person shall indicate on the written instrument, or on an accompanying written statement signed by all contributors, the amount to be attributed to each contributor.

Documentation obtained during the audit of the Reagan for President Committee revealed that Thomas Trainer made the following contributions to the committee:

Date of Contribution	Amount of Contribution
6-22-79	$1,000
9-27-79	$1,000
9-27-79	$1,000

In response to a request for additional information sent by the Commission, the Reagan for President Committee reported, on May 19, 1980, the reapportionment of certain contributions from Thomas Trainer, to other apparent family members.

As Thomas Trainer contributed $2,000 in excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that Thomas Trainer violated 2 U.S.C. § 441a(a)(1)(A).

Recommendation

Find reason to believe Thomas Trainer violated 2 U.S.C. § 441a(a)(1)(A).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Mrs. B.F. Weekley
15 Valley Ridge
Forth Worth, Texas 76107

Re: MUR 1360

Dear Mrs. Weekley:

On , 1981, the Federal Election Commission determined that there is reason to believe that you violated section 44la(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

Enclosures

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____ MUR 1360

RESPONDENT Mrs. B.F. Weekley STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee, this matter was referred to the Office of General Counsel for a possible violation of 2 U.S.C. § 441a(a)(1)(A).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election to federal office which in the aggregate exceed $1,000.

Documentation obtained during the audit of the Reagan for President Committee revealed that Mrs. B.F. Weekley made the following contributions to the committee:

Date of Contribution	Amount of Contribution
5-22-79	$ 750
8-06-79	$ 100
10-25-79	$ 500
11-19-79	$ 500
1-14-80	$ 500
2-22-80	$ 500
3-25-80	$ 750
4-01-80	$ 500

A review of Reagan for President Committee records further revealed that Mrs. B.F. Weekley received a $3,100 contribution refund on August 11, 1980.

As Mrs. B.F. Weekley contributed $3,100 in excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that Mrs. B.F. Weekley violated 2 U.S.C. § 441a(a)(1)(A).

Recommendation

Find reason to believe Mrs. B.F. Weekley violated 2 U.S.C. § 441a(a)(1)(A).

8304081327

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Rudolph Bernatschke
222 East 62nd Street
New York, New York 10021

Re: MUR 1360

Dear Mr. Bernatschke:

On , 1981, the Federal Election Commission determined that there is reason to believe that you violated section 441a(a)(1)(A) of the Federal Election Election Campaign Act of 1971, as amended ("the Act") by contributing to the Reagan for President Committee in excess of the contribution limitations. 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, within 15 days of your receipt of this letter, any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you, 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 conciliation prior to a finding of probable cause to believe if you so request by letter. See 11 C.F.R. § 111.18(d).

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. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

Enclosures

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____ MUR 1360

RESPONDENT Rudolph Bernatschke STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee, this matter was referred to the Office of General Counsel for a possible violation of 2 U.S.C. § 441a(a)(1)(A).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441a(a)(1)(A) of Title 2, United States Code, states that no person shall make contributions to any candidate and his authorized political committee with respect to any election to federal office which in the aggregate exceed $1,000. Pursuant to 11 C.F.R. § 104.8(d) (former § 104.5(e)), a contribution which represents contributions by more than one person shall indicate on the written instrument, or on an accompanying written statement signed by all contributors, the amount to be attributed to each contributor.

Documentation obtained during the audit of the Reagan for President Committee revealed that Rudolph Bernatschke made the following contributions to the committee:

Date of Contribution	Amount of Contribution
3-05-79	$1,000
11-06-79	$1,000
01-24-80	$ 50

8040815

A review of Reagan for President Committee records further revealed that Rudolph Bernatschke received a $50 contribution refund from the Reagan for President Committee on December 17, 1980. Moreover, the Reagan for President Committee reported the reapportionment, of December 18, 1980, of a $1,000 contribution by Rudolph Bernatschke to Cathalene Bernatschke.

As Rudolph Bernatschke contributed $1,050 in excess of the contribution limitations to the Reagan for President Committee, it is the view of the General Counsel that Rudolph Bernatschke violated 2 U.S.C. § 441a(a)(1)(A).

Recommendation

Find reason to believe Rudolph Bernatschke violated 2 U.S.C. § 441a(a)(1)(A).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

D. Richard Geske, President
MediAmerica, Inc.
1900 N. Beauregard Street
Suite 12
Alexandria, Virginia 22311

Re: MUR 1360

Dear Mr. Geske:

On , 1981, the Federal Election Commission determined that there is no reason to believe MediAmerica violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is enclosed for your information.

The Commission will take no further action in regard to MediAmerica in this matter. If you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions please contact Maura White, the staff member assigned to this matter, at 202-523-4057.

Sincerely,

Charles N. Steele
General Counsel

BY: _____
Kenneth A. Gross
Associate General Counsel

Enclosure

8104030132

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____ MUR 1360

RESPONDENT MediAmerica STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based on information obtained during the final post-primary audit of the Reagan for President Committee ("Committee"), the Audit Division referred this matter to the Office of General Counsel. Involved is a possible violation of 2 U.S.C. § 441b(a) by MediAmerica.

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441b(a) of Title 2, United States Code, prohibits any corporation from making any contribution or expenditure in connection with any election to federal office. The term "contribution" is defined at 2 U.S.C. § 431(8)(A) to include any gift, subscription, loan, advance, or deposit of money, or anything of value made by any person for the purpose of influencing any election to federal office.

The term "contribution" is further defined at 11 C.F.R. § 100.7(a)(4) 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 the debt. Additionally, a debt owed by a political committee which is forgiven or settled for less than the amount

owed is a contribution unless the debt is settled in accordance with the standards set forth at 11 C.F.R. § 114.10. Id.

Pursuant to section 114.10(a) of Commission Regulations, a corporation may extend credit to a candidate, political committee or other person in connection with a federal election, provided that the credit is extended in the ordinary course of the corporation's business and the terms are substantially similar to extensions of credit to nonpolitical debtors which are of similar risk and size of obligation. Section 114.10(b) prohibits a corporation from forgiving prior debts or settling debts which have been incurred by a candidate, political committee, or other person in connection with a federal election for less than the amount owed on the debt.

Under 11 C.F.R. § 114.10(c), however, a corporation may settle or forgive a debt if the creditor has treated the outstanding debt in a commercially reasonable manner. A settlement will be considered to be commercially reasonable if the initial extension of credit was made in accordance with 11 C.F.R. § 114.10(a), the candidate or political committee has undertaken all commercially reasonable efforts to satisfy the outstanding debt, and the corporate creditor has pursued its remedies in a manner similar in intensity to that employed by the corporation in pursuit of a non-political debtor, including lawsuits if filed in similar circumstances. Id. A corporation and/or the debtor must file a statement of settlement

with the Commission including the initial terms of credit, the steps the debtor has taken to satisfy the debt, and remedies pursued by the creditor. This statement must be filed prior to the termination of the reporting status of the debtor and the settlement is subject to Commission review. Id.

The final audit report stated that in the course of the audit documentation was obtained which indicated that the Committee and MediAmerica entered into a settlement agreement in October 1980 in which a balance of $16,566.52 was settled for $4,000.

A review of reports filed by the Committee has revealed that the Committee did not report, at any time prior to the settlement agreement, any outstanding debts and obligations owed to MediAmerica. The Committee did report, however, payments to MediAmerica for telephone bank and promotional expenses totalling $33,589.33, of which $4,000 comprised the settlement. 1/

Documentation obtained by Audit indicates that on an undetermined date in 1979, the Committee and MediAmerica entered into an oral contract which provided that MediAmerica would conduct telephone fundraising services for the Committee during November and December of 1979. The oral contract,

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1/ Reports filed by the Reagan for President Committee report expenditures to MediAmerica as follows: January 2, 1980 ($10,000); February 8, 1980 ($8,000); February 21, 1980 ($8,589.33); May 2, 1980, ($3,000); and October 29, 1980 ($4,000).

according to the settlement agreement, stipulated that MediAmerica would not expend more, or bill the Committee for more than $25,000 for its fundraising services. However, MediAmerica billed the Committee for the amount of $37,876.80. As of May 2, 1980, prior to the settlement agreement, the Committee paid MediAmerica the sum of $29,589.33.

Subsequent to payment to MediAmerica of the sum of $29,589.33, it appears that the Committee was informed orally by MediAmerica on May 5, 1980, that MediAmerica should have billed the Committee for the fair market value of its services ($45,000), rather than at cost ($37,876.80). On July 28, 1980, MediAmerica submitted an invoice and letter to the Committee requesting the additional payment of $15,410.67 ($45,000 less payment already made of $29,589.33). 2/ After apparently no response, or an unsatisfactory response from the Committee, MediAmerica submitted an additional invoice to the Committee on September 18, 1980, 3/ in which MediAmerica informed the Committee that if it did not meet the obligation

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2/ The letter also stated MediAmerica's concern that in billing the Committee at "cost," a "possible illegal corporate contribution in the amount of $7,132.00 appears to have been made to the Reagan for President Committee." Moreover, the letter urges the prompt payment of the outstanding balance and notes that "considerable efforts to collect previous overdue balances, extending over a period in excess of six months, have been thwarted by unnecessary delays."

3/ The invoice was in the amount of $15,872.99 ($15,410.67 plus interest penalties of $462.32).

by September 26, 1980, MediAmerica would take legal action against the Committee. The final communication obtained by Audit is a letter from the Committee to MediAmerica dated October 23, 1980, six days prior to the settlement agreement, which states that the Committee "does not recognize any outstanding indebtedness to MediAmerica" in response to a final invoice submitted to the Committee on October 9, 1980. 4/

On October 29, 1980, the Committee and MediAmerica entered into a settlement agreement. The agreement states that there was an oral contract between the Committee and MediAmerica whereby MediAmerica would not bill the Committee in excess of $25,000, that the Committee as of the date of the settlement agreement had already paid MediAmerica $29,589.33 pursuant to the contract, and that the Committee would pay MediAmerica $4,000 in settlement of the dispute. The agreement also states in pertinent part:

> Whereas RFP [the Committee] believes it has more than satisfied its contractual obligations to MA [MediAmerica], while MA contends that it has additional expenses which should, in fairness, be compensated.
>
> Now, therefore, in consideration of the mutual commitment of both parties to a fair settlement dispute it is herein agreed that the oral contract originally entered into is hereby modified. RFP will pay MA $4,000 on the signing of this agreement. [emphasis added]

In this matter, the Committee received the value of $45,000 of fundraising services from MediAmerica, yet only paid MediAmerica the sum of $33,589.33 for the services.

4/ The invoice was in the amount of $16,566.52 ($15,410.67 plus interest penalties of $1,155.85).

This circumstance raises the issue of whether the settlement of the disputed debt was reasonable; otherwise an in-kind corporate contribution may have occurred.

With regard to a possible in-kind contribution from MediAmerica to the Committee, it is the position of the General Counsel that there is no basis on which to sustain a violation of 2 U.S.C. § 441b(a). The evidence available does not indicate that the Committee was aware prior to the completion of services of the cost overrun by MediAmerica. As MediAmerica appears to have pursued all remedies, short of litigation, to obtain payment from the Committee for the fair market value of the services it provided to the Committee, it is the view of the General Counsel that the debt settlement was reasonable and consistent with past Commission action concerning the settlement of debts in dispute. Therefore, the General Counsel recommends that the Commission find no reason to believe MediAmerica violated 2 U.S.C. § 441b(a).

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Recommendation

1. Find no reason to believe MediAmerica violated 2 U.S.C. § 441b(a).

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

C.T. Clyne
C.T. Clyne Company
59 East 64th Street
New York, New York 10021

Re: MUR 1360

Dear Mr. Clyne:

On , 1981, the Federal Election Commission determined that there is no reason to believe that The C.T. Clyne Company violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

The Commission will take no further action in regard to The C.T. Clyne Company in this matter. If you wish to submit any materials to appear on the public record, please do so within ten days.

If you have any questions, please contact Maura White, the staff member assigned to this matter, at 202-523-4057.

Sincerely,

Charles N. Steele
General Counsel

BY: _____
Kenneth A. Gross
Associate General Counsel

Enclosure

8304016

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____ MUR 1360

RESPONDENT C.T. Clyne Company STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based upon information obtained during the final post-primary audit of the Reagan for President Committee ("Committee"), the Audit Division referred this matter to the Office of General Counsel. Involved is a possible violation of 2 U.S.C. § 441b(a) by the C.T. Clyne Company.

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441b(a) of Title 2, United States Code, prohibits any corporation from making any contribution or expenditure in connection with any election to federal office. The term "contribution" is defined at 2 U.S.C. § 431(8)(A) to include any gift, subscription, loan, advance, or deposit of money, or anything of value made by any person for the purpose of influencing any election to federal office.

The term "contribution" is further defined at 11 C.F.R. § 100.7(a)(4) 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 the debt. Additionally, a debt owed by a political

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committee which is forgiven or settled for less than the amount owed is a contribution unless the debt is settled in accordance with the standards set forth at 11 C.F.R. § 114.10. Id.

Pursuant to section 114.10(a) of Commission Regulations, a corporation may extend credit to a candidate, political committee or other person in connection with a federal election, provided that the credit is extended in the ordinary course of the corporation's business and the terms are substantially similar to extensions of credit to nonpolitical debtors which are of similar risk and size of obligation. Section 114.10(b) prohibits a corporation from forgiving prior debts or settling debts which have been incurred by a candidate, political committee, or other person in connection with a federal election for less than the amount owed on the debt.

Under 11 C.F.R. § 114.10(c), however, a corporation may settle or forgive a debt if the creditor has treated the outstanding debt in a commercially reasonable manner. A settlement will be considered to be commercially reasonable if the initial extension of credit was made in accordance with 11 C.F.R. § 114.10(a), the candidate or political committee has undertaken all commercially reasonable efforts to satisfy the outstanding debt, and the corporate creditor has pursued its remedies in a manner similar in intensity to that employed by the

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corporation in pursuit of a non-political debtor, including lawsuits if filed in similar circumstances. Id. A corporation and/or the debtor must file a statement of settlement with the Commission including the initial terms of credit, the steps the debtor has taken to satisfy the debt, and remedies pursued by the creditor. This statement must be filed prior to the termination of the reporting status of the debtor and the settlement is subject to Commission review. Id.

Documentation obtained indicates that the Committee and The C.T. Clyne Company, Inc. entered into a written agreement on October 5, 1979, whereby The Clyne Company would provide advertising services to the Committee. The letter of agreement states that The C.T. Clyne Company will receive a $25,000 per month advance for the months of October, November, and December, 1979, that this amount would be deducted in monthly increments of $25,000 from the earned fees in January, February, and March, 1980, and that the agreement may be terminated on thirty days notice by either party.

Documentation obtained by the Audit Division further indicates that by letter dated January 29, 1980, the Committee informed The C.T. Clyne Company that the Committee was terminating its contract effective February 27, 1980. A letter dated May 7, 1980, from The Clyne Company, Inc., indicates that the three advances of $25,000 each had not been received, as provided for in the agreement, and that the company was not reimbursed in the amount of $45,000 for costs incurred in

connection with a commercial known as "Copter." 1/ According to the company's letter, the following is owed by the Committee:

Balance shown as owed by the Committee	$ 8,130.48
"Copter" commercial cost	$45,000.00
October, November, and December Fees (advances)	$75,000.00
Less: Commissions earned in 1980	($14,136.78)
Total:	$113,993.70

On July 29, 1980, the Committee paid The Clyne Company $40,000 for a full and complete release of all claims possessed by the company against the Committee. Thus, a disputed debt of $113,993.70 was settled for $40,000. This circumstance raises the issue of whether the settlement of the disputed debt was reasonable, otherwise an in-kind corporate contribution may have occurred.

With regard to a possible in-kind contribution from The Clyne Company to the Committee, it is the position of the General Counsel that there is no basis on which to

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1/ In an internal memorandum dated April 20, 1980, the Committee Treasurer stated that: 1) the "Copter" commercial could not be used because of its poor quality; 2) the fees for October, November, and December were advances on commissions earned in January, February, and March, but since the contact was terminated effective February 27, 1980, no commission was earned in March; and, 3) in addition to the $14,136.78 in commission on media billings, The Clyne Company earned another $30,000 on agency mark-ups.

sustain a violation of 2 U.S.C. § 441b(a). The evidence available indicates that the disputed debt arose from what the Committee perceived as the unsatisfactory performance of the terms of the contract by The Clyne Company. The fact that the Committee terminated its payments to The Clyne Company prior to the expiration of the contract appears to support the Committee's position that the services it received were unsatisfactory. Documentation available indicates that The Clyne Company attempted on numerous occasions to obtain payment from the Committee for its services. In view of these considerations it is the position of the General Counsel that the settlement of the disputed debt was reasonable and consistent with past Commission action concerning the settlement of debts in dispute. Therefore, the General Counsel recommends that the Commission find no reason to believe The Clyne Company violated 2 U.S.C. § 441b(a).

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Recommendation

1. Find no reason to believe The Clyne Company violated 2 U.S.C. § 441b(a).

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Tommy Thomas Chevrolet Co., Inc.
Box 490
705 West 15th Street
Panama City, Florida 32401

Re: MUR 1360

Dear Sir or Madam:

On , 1981, the Federal Election Commission determined that there is reason to believe Tommy Thomas Chevrolet Co., Inc. violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution of $9,466.60 to the Reagan for President Committee. 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 within 15 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 Tommy Thomas Chevrolet Co., Inc., 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 conciliation prior to a finding of probable cause to believe if you so request in writing.

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. If you intend to be represented by counsel in this matter, please advise the Commission in writing by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive all notifications and other communications from the Commission.

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 Maura White, the staff member assigned to this matter, at 202/523-4057.

Sincerely,

Enclosures
General Counsel's Factual and Legal Analysis
Procedures

3040381346

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____ MUR 1360

RESPONDENT Tommy Thomas Chevrolet Co., Inc. STAFF Maura White

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Based on information obtained during the final post-primary audit of the Reagan for President Committee ("Committee"), the Audit Division referred this matter to the Office of General Counsel. Involved is an apparent corporate contribution from Tommy Thomas Chevrolet Co., Inc. to the Committee in violation of 2 U.S.C. § 441b(a).

FACTUAL BASIS AND LEGAL ANALYSIS

Section 441b(a) of Title 2, United States Code, prohibits any corporation from making any contribution or expenditure in connection with any election to federal office. The term "contribution" is defined at 2 U.S.C. § 431(8)(A) to include any gift, subscription, loan, advance, or deposit of money, or anything of value made by any person for the purpose of influencing any election to federal office.

Pursuant to section 114.10(a) of Commission Regulations, a corporation may extend credit to a candidate, political committee or other person in connection with a federal election, provided that the credit is extended in the ordinary course of

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the corporation's business and the terms are substantially similar to extensions of credit to nonpolitical debtors which are of similar risk and size of obligation.

A review of the documentation obtained by Audit indicates that on September 30, 1980, Tommy Thomas Chevrolet Co., Inc. submitted an invoice to the Committee in the amount of $9,466.60. The invoice states that the expenses were "paid by Tommy Thomas Chevrolet for the Reagan '80 Campaign." Documentation accompanying the invoice indicates that the expenses were incurred by Luther E. Thomas during the period of April 3, 1979, through August 26, 1980, and were for such costs as car rentals, hotels, telephones, airfare, and meals.

A review of reports filed by the Committee has revealed that the Committee reported a debt to Tommy Thomas, rather than to Tommy Thomas Chevrolet Co., Inc. The amount of the debt is reported as $9,466.60 and the date of the obligation is reported as September 30, 1980; the nature of the obligation is reported as "travel expense." The Committee reported an expenditure of $9,180.29 to Tommy Thomas on February 21, 1981, as reimbursement for travel expenses.

It is the view of the General Counsel that a contribution of $9,466.60 from Tommy Thomas Chevrolet Co., Inc. to the Committee existed as a result of the advance made to the

Committee by Tommy Thomas Chevrolet Co., Inc. While Commission Regulations at 11 C.F.R. § 114.10 permit a corporation to extend credit to federal candidates and political committees, the Regulations require that the credit be extended in the ordinary course of the corporation's business in order for a contribution not to occur. It is the position of the General Counsel that the exemption is not applicable in this situation because the extension of credit by Tommy Thomas Chevrolet Co., Inc. to the Committee cannot be considered to be in the ordinary course of the corporation's business. The extension of credit by a corporation in the "ordinary course" of its business, necessarily implies that the credit results from the provision of goods or services by the corporation which is extending the credit. In the instant matter, Tommy Thomas Chevrolet Co., Inc. appears to have incurred expenses unrelated to its business on behalf of the Committee.

It is, therefore, the view of the General Counsel that there is reason to believe Tommy Thomas Chevrolet Co., Inc. violated 2 U.S.C. § 441b(a) by making an advance of $9,466.60 to the Committee.

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Recommendation

1. Find reason to believe Tommy Thomas Chevrolet Co., Inc. violated 2 U.S.C. § 441b(a).

MUR 1360

RECEIVED
OFFICE OF
GENERAL COUNSEL

REAGAN-BUSH COMPLIANCE FUND

901 South Highland Street
Arlington, Virginia 22204
(703) 685-3400

1 MAR 3 P5:58

March 3, 1981

1 MAR 4 A10:04

RECEIVED
OFFICE OF
GENERAL COUNSEL

The Honorable John W. McGarry
Chairman
The Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Dear Mr. Chairman:

I am writing to inform you that effective March 4, 1981, Edward L. Weidenfeld, a partner in the law firm of McKenna, Conner & Cuneo, 1575 Eye Street, N.W., Suite 800, Washington, D. C. 20005, has been appointed General Counsel to Reagan for President, the Reagan Bush Committee, and the Reagan Bush Compliance Fund, and that Mr. Weidenfeld and members of the law firm of McKenna, Conner & Cuneo are authorized to act on the Committee's behalf in matters pending before the Federal Election Commission.

Sincerely,

Scott Mackenzie
Treasurer

cc: Charles N. Steele, Esq.
Mr. Robert J. Costa, Assistant Staff Director of Audit Division

Reagan-Bush Compliance Fund – United States Senator Paul Laxalt, Chairman; Bay Buchanan, Treasurer.
A copy of our report is filed with and available for purchase from the Federal Election Commission, Washington, D.C. 20463

MUR 1360

OGC Extra Copy

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

81 JAN21 A10:39

January 19, 1981

MEMORANDUM

EXECUTIVE SESSION
JAN 27

TO: THE COMMISSIONERS

THROUGH: B. ALLEN CLUTTER
STAFF DIRECTOR

FROM: BOB COSTA

SUBJECT: FINAL AUDIT REPORT -
REAGAN FOR PRESIDENT

Attached please find a copy of the final audit report of the Reagan For President committee, along with the legal analysis provided by the Office of General Counsel and the text portion of the Committee response to the interim report.

Please note that attached at Exhibits A, B, C and D are certain matters* which the Office of General Counsel recommended be referred to their office. Therefore, the Audit Division has deleted these matters from the audit report. In addition, please note that the Office of General Counsel is in agreement with all findings contained in the report.

If you have any questions, please contact Tom Nurthen of the Audit Division at extension 3-4155.

* Copy of detailed working papers associated with these matters have been made available to the Office of General Counsel. The working papers are available for review in the Audit Division.

Attachments:

Final Audit Report
Legal Analysis
Committee Response
Exhibits A through D

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B. Key Personnel

The principal officers of the Committee during the period audited were Senator Paul Laxalt, Chairman, and Ms. Bay Buchanan, Treasurer.

C. Scope

The audit included such tests as verification of total reported receipts, expenditures and individual transactions; review of required supporting documentation; analysis of Committee debts and obligations; review of contribution and expenditure limitations; and such other audit procedures as deemed necessary under the circumstances.

II. Audit Findings and Recommendations Relating to Title 2 of the United States Code

A. Limitation on Expenditures

Section 441a(b)(1)(A) of Title 2, United States Code, states, in part, that no candidate for the office of President of the United States who is eligible under Section 9033 of Title 26 (relating to eligibility for payments) to receive payments from the Secretary of the Treasury may make expenditures in excess of $10,000,000 as adjusted for the change in the consumer price index since 1974, in the case of a campaign for nomination for election to such office (also see 2 U.S.C. 441a(c)).

Section 9035.1(a) of Title 11, Code of Federal Regulations states that no candidate or his or her authorized committee(s) shall knowingly incur expenditures in connection with the candidate's campaign for nomination, which expenditures, in the aggregate, exceed $10,000,000 (as adjusted under 2 U.S.C. 441a(c)), except that the aggregate expenditures by a candidate in any one State shall not exceed the greater of: 16 cents (as adjusted under 2 U.S.C. 441a(c)) multiplied by the voting age population of the State (as certified under 2 U.S.C. 441a(e)); or $200,000.00 (as adjusted under 2 U.S.C. 441a(c)).

In addition, Section 431(9)(B)(vi) of Title 2, United States Code excludes from the definition of the term "expenditure" any costs incurred by an authorized committee or candidate in connection with the solicitation of contributions on behalf of such candidate, except that this clause shall not apply with respect to costs incurred by an authorized committee of a candidate in excess of an amount equal to 20 percent of the expenditure limitation applicable to such candidate under Section 441a(b), but all such costs shall be reported in accordance with Section 434(b).

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Section 110.8(c)(2) of Title 11, Code of Federal Regulations provides that expenditures for fundraising activities targeted at a particular State and occurring within 28 days before that state's primary election, convention, or caucus shall be presumed to be attributable to the expenditure limitation for that State, 11 C.F.R. 100.8(b)(21) (relating to the 20% fundraising exemption) notwithstanding.

Section 100.8(b)(15) states, in relevant part, that expenditures for services solely to ensure compliance with the Act made by a candidate certified to receive Primary Matching Funds under 11 C.F.R. Part 9034 do not count against such candidate's expenditure limitations under 11 C.F.R. 9035 or 11 C.F.R. 110.8.

The limitations relating to the 1980 primary election for nomination are:

$14,720,000.00	2 U.S.C. 441a(b)(1)(A)
2,944,000.00	20% fundraising exemption
$17,664,000.00	total fundraising plus operating expenditures

1. Allocation of Fundraising Expenses

The Audit staff reviewed the Committee's method of classifying expenditures as fundraising costs subject to the 20% fundraising exemption. During the period February 26, 1979 through July 31, 1980, the Committee reported on FEC Form 3P, Line 25, "Exempt Fundraising, Legal and Accounting Expenditures", $3,322,829.38 1/ in expenditures classified as exempt fundraising costs.

Our review of the Committee's documentation and worksheets indicated that the following categories of expenses were, according to the Committee classifiable as exempt fundraising expenses:

Direct Mail Services	$1,555,093.17
Fundraising Events and associated expenses	633,160.40
Salaries, Consulting Fees and associated expenses	537,700.58
Allocable portion of National Headquarter's expenses	454,090.33
Allocable portion of Tour Travel expenses	225,653.76
Allocable portion of States' Mailing expenses	100,215.76
	$3,505,914.00 2/

1/ Includes $6,415.66 ~~probably~~ classifiable as exempt legal and accounting.

2/ As noted previously, the Committee reported $3,322,829.38 as exempt fundraising expenses.

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MUR 1360

OGC Extra Copies

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

81 JAN21 A10:39

January 19, 1981

MEMORANDUM

EXECUTIVE SESSION
JAN 27

TO: THE COMMISSIONERS

THROUGH: B. ALLEN CLUTTER
STAFF DIRECTOR

FROM: BOB COSTA

SUBJECT: FINAL AUDIT REPORT -
REAGAN FOR PRESIDENT

Attached please find a copy of the final audit report of the Reagan For President committee, along with the legal analysis provided by the Office of General Counsel and the text portion of the Committee response to the interim report.

Please note that attached at Exhibits A, B, C and D are certain matters* which the Office of General Counsel recommended be referred to their office. Therefore, the Audit Division has deleted these matters from the audit report. In addition, please note that the Office of General Counsel is in agreement with all findings contained in the report.

If you have any questions, please contact Tom Nurthen of the Audit Division at extension 3-4155.

* Copy of detailed working papers associated with these matters have been made available to the Office of General Counsel. The working papers are available for review in the Audit Division.

Attachments:

Final Audit Report
Legal Analysis
Committee Response
Exhibits A through D

8004038134

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

REPORT OF THE AUDIT DIVISION ON REAGAN FOR PRESIDENT

I. Background

A. Overview

This report is based on an audit of Reagan For President ("the Committee"), 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 9038(a) of Title 26 of the United States Code which states that after each matching payment period, the Commission shall conduct a thorough examination and audit of the qualified campaign expenses of every candidate and his authorized committees who received payments under Section 9037.

In addition, Section 9039(b) of Title 26 of the United States Code and Section 9038.1(b) of Title 11 of the Code of Federal Regulations state, in relevant part, that the Commission may conduct other examinations and audits from time to time as it deems necessary.

The Committee registered with the Federal Election Commission on February 28, 1979, as the principal campaign committee of the Honorable Ronald Reagan, candidate for the Republican nomination for President of the United States. The Committee maintains its headquarters in Arlington, Virginia (formerly, Los Angeles, California).

The audit covered the period from January 1, 1980 through July 31, 1980. During this period the Committee reported an opening cash balance of $554,574.98, total receipts of $20,572,043.05, total expenditures of $17,757,936.04, and a closing cash balance of $3,368,681.99. In addition, certain financial activity has been reviewed through December 19, 1980.

This report is based upon documents and working papers supporting each of the factual statements contained herein. They form part of the record upon which the Commission based its decisions on the matters addressed in the report and were available to the Commissioners and appropriate staff for review.

B. Key Personnel

The principal officers of the Committee during the period audited were Senator Paul Laxalt, Chairman, and Ms. Bay Buchanan, Treasurer.

C. Scope

The audit included such tests as verification of total reported receipts, expenditures and individual transactions; review of required supporting documentation; analysis of Committee debts and obligations; review of contribution and expenditure limitations; and such other audit procedures as deemed necessary under the circumstances.

II. Audit Findings and Recommendations Relating to Title 2 of the United States Code

A. Limitation on Expenditures

Section 441a(b)(1)(A) of Title 2, United States Code, states, in part, that no candidate for the office of President of the United States who is eligible under Section 9033 of Title 26 (relating to eligibility for payments) to receive payments from the Secretary of the Treasury may make expenditures in excess of $10,000,000 as adjusted for the change in the consumer price index since 1974, in the case of a campaign for nomination for election to such office (also see 2 U.S.C. 441a(c)).

Section 9035.1(a) of Title 11, Code of Federal Regulations states that no candidate or his or her authorized committee(s) shall knowingly incur expenditures in connection with the candidate's campaign for nomination, which expenditures, in the aggregate, exceed $10,000,000 (as adjusted under 2 U.S.C. 441a(c)), except that the aggregate expenditures by a candidate in any one State shall not exceed the greater of: 16 cents (as adjusted under 2 U.S.C. 441a(c)) multiplied by the voting age population of the State (as certified under 2 U.S.C. 441a(e)); or $200,000.00 (as adjusted under 2 U.S.C. 441a(c)).

In addition, Section 431(9)(B)(vi) of Title 2, United States Code excludes from the definition of the term "expenditure" any costs incurred by an authorized committee or candidate in connection with the solicitation of contributions on behalf of such candidate, except that this clause shall not apply with respect to costs incurred by an authorized committee of a candidate in excess of an amount equal to 20 percent of the expenditure limitation applicable to such candidate under Section 441a(b), but all such costs shall be reported in accordance with Section 434(b).

Section 110.8(c)(2) of Title 11, Code of Federal Regulations provides that expenditures for fundraising activities targeted at a particular State and occurring within 28 days before that state's primary election, convention, or caucus shall be presumed to be attributable to the expenditure limitation for that State, 11 C.F.R. 100.8(b)(21) (relating to the 20% fundraising exemption) notwithstanding.

Section 100.8(b)(15) states, in relevant part, that expenditures for services solely to ensure compliance with the Act made by a candidate certified to receive Primary Matching Funds under 11 C.F.R. Part 9034 do not count against such candidate's expenditure limitations under 11 C.F.R. 9035 or 11 C.F.R. 110.8.

The limitations relating to the 1980 primary election for nomination are:

$14,720,000.00	2 U.S.C. 441a(b)(1)(A)
2,944,000.00	20% fundraising exemption
$17,664,000.00	total fundraising plus operating expenditu

1. Allocation of Fundraising Expenses

The Audit staff reviewed the Committee's method of classifying expenditures as fundraising costs subject to the 20% fundraising exemption. During the period February 26, 1979 through July 31, 1980, the Committee reported on FEC Form 3P, Line 25, "Exempt Fundraising, Legal and Accounting Expenditures", $3,322,829.38 1/ in expenditures classified as exempt fundraising costs.

Our review of the Committee's documentation and worksheets indicated that the following categories of expenses were, according to the Committee classifiable as exempt fundraising expenses:

Direct Mail Services	$1,555,093.17
Fundraising Events and associated expenses	633,160.40
Salaries, Consulting Fees and associated expenses	537,700.58
Allocable portion of National Headquarter's expenses	454,090.33
Allocable portion of Tour Travel expenses	225,653.76
Allocable portion of States' Mailing expenses	100,215.76
	$3,505,914.00 2/

1/ Includes $6,415.66 ~~probably~~ classifiable as exempt legal and accounting.

2/ As noted previously, the Committee reported $3,322,829.38 as exempt fundraising expenses.

In summary, given the $2,944,000.00 exemption for fundraising expenses contained at 2 U.S.C. 431(9)(B)(vi), it is our opinion that the Committee has included $376,252.71 (net) in expenses on Line 25 which should be reported as operating expenses on Line 24 and therefore subject to the overall expenditure limit contained at 2 U.S.C. 441a(b)(1)(A).

Recap:

Expenditures reported as exempt fundraising for Line 25, 2/26/79 through 7/31/80	$3,322,829.38
Less: Reported refunds of fundraising expenses	(2,576.67)
Net fundraising expenditures per report	$3,320,252.71
Less: Fundraising expense exemption	(2,944,000.00)
Overage, reclassifiable to operating expenditures chargeable to overall limitation	$ 376,252.71

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It should be noted that the Audit staff does not believe that the Committee's allocations of 20% of Headquarter's Tour Travel and States' Mailing Expenses are necessarily reflective of the actual allocable portion of these expenses attributable to its fundraising efforts. Based on the Committee documentation reviewed, it appears that the 20% factor is merely an estimate. However, in view of the fact that after applying direct charges of $2,725,954.15 against the $2,944,000 exemption the remaining $218,045.85 which may be allocated to exempt fundraising represents approximately 9.6% of National Headquarter's expense ($218,045.85 ÷ $2,270,451.66 (total headquarter's expense)), which appears reasonable. The allocation of a portion of Tour Travel and States' Mailing Expenses becomes irrelevant in light of the above discussion.

2. Limitation on Expenditures 2 U.S.C. 441a(b)(1)(A)

As noted previously, the expenditure limitation is $14,720,000.00. An analysis of Committee disclosure reports for the period from February 26, 1979 through August 31, 1980, yielded the following with respect to expenditures subject to the $14,720,000 limitation.

Expenditures classified as operating 2/26/79 to 7/31/80-Lines 24 and 26b	$ 15,197,569.10
Expenditures classified as fundraising 2/26/79 to 7/31/80-Line 25 (net of reported refunds)	$ 3,320,252.71
Less: 20% fundraising exemption	($ 2,944,000.00)
Less: Refunds and Rebates pertaining to operating expenditures	($ 974,563.22)
Expenditures subject to limitation (Audit analysis) 2/26/79-7/31/80	$ 14,599,258.59

Adjustments to Reported Figures 2/26/79 through 7/31/80

Add: Expenditures subject to the limitation as reported for the period 8/1/80-8/31/80	$ 473,832.59
Add: Expenditure on 8/11/80 for Convention travel not included in $473,832.59 above	$ 29,859.58
Add: Reported Debts and Obligations Owed by the Committee as of 8/31/80	$ 9,675.36 *
Less: Reported Debts and Obligations Owed to the Committee as of 8/31/80	($ 160,060.00)*
Total Expenditures Subject to Limitation 2/26/79-8/31/80 per Committee's reports	$ 14,952,566.12

Based on our preliminary analysis performed in October, 1980, it appeared that the Committee had exceeded the expenditure limitation at 2 U.S.C. 441a(b)(1)(A) in the amount of $232,566.12 ($14,952,566.12 less $14,720,000). It should be noted that the Committee did not identify on its reports any amounts chargeable to the exempt legal and accounting expense category. It was suggested that the Committee might wish to review its exempt legal and accounting costs and reallocate, on a reasonable basis, an amount from operating expenses to the exempt legal and accounting category by amending the appropriate expenditures' sections of disclosure reports filed to date.

On November 18, 1980, the Commission approved the recommendation of the Audit staff contained in the interim report that the Committee be requested to show within 30 days of receipt of the audit report that the overall expenditure limitation had not been exceeded as set forth in the interim report. Absent such a showing, a determination would be made regarding an amount required to be repaid to the U. S. Treasury.

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* Obligations relating to expenses solely to ensure compliance with the Act may be included in these figures.

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Analysis of Committee Response

In its response to the interim report, the Treasurer indicated that the Committee's compliance expenditures were summarized and reclassified on the post-election report (covering the period 10/16/80-11/24/80). She also stated that Reagan For President is now well below the expenditure limitation as set forth in 2 U.S.C. 441a(b)(1)(A). The Audit staff's analysis of the reclassification of expenditures from operating (i.e. chargeable to the overall limit) to legal and accounting (exempt from overall limit) is discussed below.

The Committee's 30 day post general election report was filed on December 8, 1980. Within this report, the Committee reclassified (amended) $807,763.61 in expenditures, from operating expenditures (subject to the limitation, line 24) to exempt legal and accounting (line 25). The majority of the reclassified expenditures were for salaries, consulting and legal services, interest expense, and computer services.

The Audit staff's analysis of the disbursements reclassified to exempt legal and accounting by the Committee is as follows:

Payroll and Payroll Taxes

Through discussions with the Assistant Treasurer the Audit staff has determined that 100% of the payroll and payroll taxes for the Treasurer's office ($384,556.01) has been reclassified to exempt legal and accounting. The Assistant Treasurer could not provide the Audit staff with written job descriptions for personnel within the Treasurer's office or identify the work areas where certain individuals were assigned. Therefore, the reasonableness of this reclassification could not be determined. However, the Audit staff does not believe that 100% of the functions performed within the Treasurer's office are solely for the purpose of insuring compliance with the Act (see 11 C.F.R. 100.8(b)(15)).

For example, the following non-compliance accounting functions must be considered in determining a reasonable allocation:

1) maintaining cash receipt records;

2) writing checks, transmitting funds to field workers, recording disbursements;

3) reconciling bank statements;

4) preparing cash flow reports;

5) budget preparation and budget performance reports;

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6) keeping payroll records, paying employees, filing quarterly payroll returns and making state and federal payroll deposits; and,

7) filing exempt organization return (1120 POL) with the IRS. Section 527 of the Internal Revenue Code requires that all unrelated business income be reported. Consequently, the Committee must maintain accounting records sufficient to permit compliance with the IRS reporting and recordkeeping requirements.

In threshold audit reports issued on two (2) 1980 Presidential campaigns, the Commission approved an allocation of 85% of the costs associated with the Treasurer's office as a reasonable percentage allocable to exempt legal and accounting. This percentage was developed through studies based on the functions performed in the Treasurer's office. As previously stated, Committee records were not available to conduct such a study. However, based on prior Commission action regarding two campaigns of comparable size, the Audit staff believes that the percentage (85%) represents a reasonable allocation of costs to exempt legal and accounting.

Based on the above, the amount of payroll and payroll taxes chargeable to exempt legal and accounting should be $326,872.60 ($384,556.01 x .85), and the amount chargeable to operating should be $57,683.41 ($384,556.01 x .15).

Headquarter's Overhead

The Committee has reclassified overhead costs, totaling $171,150.68, to exempt legal and accounting. This reclassification represents a 100% allocation of overhead costs relating to the operations of the Treasurer's office. It has been established that certain functions performed by personnel in the Treasurer's office are not specifically compliance related. Therefore, the Audit staff believes that the same percentage applied to payroll (85%) should apply to overhead costs.

Based on the above, the amount of overhead costs chargeable to exempt legal and accounting should be $145,478.07 ($171,150.68 x .85), and the amount chargeable to operating should be $25,672.61 ($171,150.68 x .15).

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Interest Payments and Bank Charges

The Committee reclassified payments made to various banks, totaling $129,740.71. The payments were for interest on bank loans ($128,264.61) and other routine bank charges ($1,476.10). The Audit staff disagrees with this reclassification since payments for interest and other routine bank charges, in our opinion, are not considered disbursements covered by 11 C.F.R. 100.8(b)(15) and therefore are not exempt from the expenditure limitations pursuant to 2 U.S.C. 441a(b)(1)(A) and 26 U.S.C. 9034.

Based on the above, the payments for interest on bank loans and other routine bank charges should be chargeable to operating ($129,740.71).

Miscellaneous Items

a) Other disbursements, totaling $3,092.96, were, in our opinion, erroneously reclassified to exempt legal and accounting. The disbursements were for reimbursed air travel and lodging, newspaper advertisements, autopen plates, and employment fees.

Based on the above, $3,092.96 should be chargeable to operating.

b) The Committee also reclassified payments totaling $7,210.[illegible] to exempt legal and accounting. The payments were made to individu[illegible] assigned to the Treasurer's office. Generally, the payments were fo[illegible] per diem expenses and various reimbursed expenses. As previously determined approximately 85% of an individuals time is spent on compliance related activities.

Based on the above, the amount chargeable to exempt legal and accounting should be $6,129.01 and the amount chargeable to operating should be $1,081.59.

Recap of Audit Adjustment of Committee Reclassification

Amount reclassified by Committee	$807,763.61
Less: Payroll costs not chargeable to exempt legal and accounting ($384,556.01 x .15)	(57,683.41)
Less: Headquarter's overhead not chargeable to exempt legal and accounting ($171,150.68 x .15)	(25,672.61)
Less: Interest payments and other bank charges not chargeable to exempt legal and accounting	(129,740.71)
Less: Miscellaneous items not chargeable to exempt legal and accounting (see (a) and (b) above)	(4,174.55)
Total amount of reclassified disbursements determined as reasonable charges to exempt legal and accounting	$590,492.33

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Our analysis of the Committee's response to the interim report and review of reports filed for activity through 11/24/80 revealed the following:

Expenditures subject to limitation (2/26/79-7/31/80) as previously noted on page 5.	$14,599,258.59
Adjustments to Reported Figures 2/26/79 through 7/31/80.	
Add: Expenditures subject to the limitation as reported for the period 8/1/80-11/24/80.	718,485.41
Add: Expenditure on 8/11/80 for convention travel not included in the $718,485.41 above.	29,859.58
Add: Reported Debts and Obligations Owed by the Committee as of 11/24/80.	42,059.63*
Add: Maximum net income realizable for tours #4 through #26.	142,990.78
Add: Disbursements previously allocated to exempt legal and accounting (line 25) in error.	13,351.80
Less: Reported Debts and Obligations owed to the Committee as of 11/24/80.	(21,434.50)*
Less: Amount of reclassified expenditures ($807,763.61) per audit's analysis chargeable to exempt legal and accounting.	(590,492.33)
Less: Disbursements erroneously disclosed as exempt fundraising but chargeable to exempt legal and accounting.	(136,691.14)
Total Expenditures Subject to the Limitation 2/26/79 - 11/24/80.	$14,797,387.82

It appears that based on Committee reports filed and audit work conducted to date that the Committee has exceeded the expenditure limitation at 2 U.S.C. 441a(b)(1)(A) in the amount of $77,387.82 ($14,797,387.82 - $14,720,000.00).

Recommendation

It is the recommendation of the Audit staff that the Committee amend its post-general election report to reflect the adjustments noted above. Further, it is recommended that, the Commission make a final determination that the amount ($77,387.82) in excess of the overall expenditure limitation at 2 U.S.C. 441a(b)(1)(A) be considered a non-qualified campaign expense and repayable to the U.S. Treasury (see Finding III.B.2. for repayment discussion).

See following page for footnotes.

* See footnote */ at page 5.

3/ If the entire $807,763.61 were reclassified to exempt legal and accounting, the Committee would not have exceeded the expenditure limitation at 2 U.S.C. 441a(b)(1)(A).

4/ Finding III.D.1 and D.4 contain recommendations relating to reimbursements due the Committee from the Candidate's General Election Committee for the purchase of Primary equipment and certain expenses paid by the Primary but apparently related to the Candidate's general election campaign. The value of these reimbursements due the Committee has not been considered in arriving at the $14,797,387.82 figure noted above. In addition, actual receipt and disbursement activity occurring after 11/24/80 will be incorporated as information becomes available. Adjustments to total expenditures subject to the limitation may also be warranted based on unresolved questions relating to the Committee's settlement/negotiation of certain debts (including checks issued and subsequently voided).

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B. Allocation of Expenditures to States

Sections 441a(b)(1)(A) and 441a(c) of Title 2 of the United States Code provide, in part, that no candidate for the Office of President of the United States who is eligible to receive and has received matching funds may make expenditures in any one state aggregating in excess of the greater of 16 cents multiplied by the state voting age population or $200,000.00, adjusted by the Consumer Price Index.

Section 106.2(a) of Title 11 of the Code of Federal Regulations states, in part, that expenditures made by a candidate's authorized committee(s) which seek to influence the nomination of that candidate for the Office of President of the United States with respect to a particular state shall be allocated to that state.

In addition, Section 106.2(b) and (c) of Title 11 of the Code of Federal Regulations states, in part, that expenditures for staff, media, printing and other services used in a campaign in a specific state shall be attributed to that state, and that expenditures by a Presidential candidate for use in two (2) or more states shall be attributed to each state based on the voting age population in each state which can reasonably be expected to be influence by such expenditures.

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Response to Threshold Audit Findings

During the threshold audit, the Committee was made aware of several areas (regional directors' salaries, consulting fees, and a time delay in receiving the expenditure information from the state offices) which resulted in state allocation problems. The Audit staff recommended that the Committee review its expenditures and file an amended FEC Form 3Pc reallocating the dollar value of those expenditures requiring allocation to the appropriate state(s) and provide copies of detailed working papers in support of the reallocation. As of October 10, 1980 the Committee had not filed an amended FEC Form 3Pc, however, in a letter dated August 20, 1980, the Committee Treasurer indicated that she felt the allocation of expenditures was adequate.

Post-Primary Audit

As a result of statistical sampling and other review procedures conducted during the post-primary audit, areas identified in the Threshold audit and additional areas were identified as containing State expenditure allocation errors. Since only the limitations relating to the states of Iowa, New Hampshire and South Carolina were approached by the Committee, an extensive review was made of allocations to these States.

Although State expenditure allocation errors were noted for the states of Iowa and South Carolina, our extensive review indicated that the respective limitations were not exceeded. Noted below are areas in which allocation errors exist with respect to the state of New Hampshire.

1. Media Expense and Consultant Fees

On October 1, 1979, the Committee retained the services of a media consultant. The consultant's duties included assisting in the planning of all media advertising for the campaign and ordering the schedules for media advertising. In return for these services the consultant received a fee of $3,500.00 per week, in lieu of the standard 15% agency commission on all time and space placed.

Our review of the expenditure records pertaining to the media placements and the related state allocations revealed that the net payments (published rates less commissions) had been allocated to states, but the related consultant fees had not been allocated.

In addition, our review disclosed that the Committee used an unusually low allocation percentage (6%) when allocating a portion of the Boston television costs to New Hampshire. According to television industry information, the allocable percent to New Hampshire should be 13.3%. The Committee's allocation of 6% percent was taken from a study performed by an engineering consulting firm. The firm based this percentage on the ratio of the population by state contained within the area of a grade B contour 5/ for one (1) of the television stations considered reflective of the Boston/ New Hampshire market. However, the population figures used were taken from the 1970 U.S. Census figures. This method of allocating the television costs to New Hampshire appears to be deficient for the following reasons:

(a) the Audit staff noted that as of the date of the engineering study performed for the Committee, the U.S. Census Bureau had published revised Census figures as of 1977.

(b) one of the states within the Grade B contour is Rhode Island. The Committee did not allocate any portion of the Boston television costs to Rhode Island, however it utilized a portion of Rhode Island's population (per the Grade B contour) in the base to determine the New Hampshire allocation percentage. Since the Rhode Island primary occurred on June 3, 1980, it is our opinion that additional information is needed from the Committee to support the inclusion of Rhode Island's population in the base.

5/ The Grade B contour is the area within which the majority of households can receive a good reception from a television station's signal as defined in the Federal Communications Commission's rules and regulations Sections 73.683 through 73.685.

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(c) another state within the Grade B contour is Connecticut. It should be noted that current industry information (1979-1980, ADI Book) does not consider any portion of the State of Connecticut within the area of television signal penetration.

(d) for all other states/markets in New England (except Boston), the Committee utilized the current industry information (1979-80, ADI Book) cited above, for the allocation of media.

Assuming that the total population figures used by the Committee (if adjusted for revised 1977 Census figures) are, in fact, reflective of the voting age population in the respective states, we believe for the reasons noted above, the method utilized by the Committee produces an unreasonable allocation with respect to New Hampshire.

Based on our analysis, utilizing the 1979-1980 ADI Book figures, of the fees paid and the method of allocating placement costs to New Hampshire, the Audit staff has determined that an additional $15,317.49 (fees and placement costs) should be allocated to New Hampshire.

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Analysis of Committee Response

On December 22, 1980, the Committee submitted its response to the Commission approved interim audit report. In the response, the Treasurer stated:

> "The Audit Team is of the opinion that the method used by the Committee to allocate media expenses in New Hampshire is not acceptable. Their argument relies heavily on the fact that the Grade B Contour method was not applied in other states. The audit team does agree, however, that the Committee did not approach the state expenditure limit in any other state. Since the implementation of the Grade B Contour method involved a cost factor, the Committee did not feel it necessary to apply the more expensive but detailed allocation method to states other than New Hampshire. In addition, media costs in other states were generally incurred after the New Hampshire primary.
>
> It should be noted that prior to the implementation of the contour method, the general counsel of the committee contacted the Commission concerning media allocation methods. He was informed that although the method used in 1976 by many committees (13.3%) was acceptable, it was not the only method and that any reasonable method of allocation was acceptable. The Committee contracted a firm of engineers to do a scientific study of the New England media market. The Committee used this study as the basis of their allocation method and feels strongly that it is reasonable and therefore acceptable."

It is the opinion of the Audit staff that, in its response, the Committee has not demonstrated that its method of allocating media costs to New Hampshire is reasonable. Specifically, the Committee has not shown:

- that its use of 1970 U.S. Census figures versus revised Census figures as of 1977 is reasonable.

- the reasonableness of its use of the Grade B Contour for allocating the cost of Boston television to New Hampshire, while at the same time NOT using the respective Grade B Contour for allocating the cost of television advertisements emanating from the other New England states. The effect of the Committee's method is to preclude any allocation to New Hampshire for other than media broadcast from the Boston television stations. It should be noted that advertisements were broadcast from stations in several New England states, the signal penetration of which (per the respective Grade B Contour) reaches portions of New Hampshire.

- the reasonableness of not allocating the $3,500.00 per week fee received by the consultant to the states. As noted above, this weekly fee was in lieu of the standard 15% agency commission on all time and space placed.

Recommendation

The Audit staff recommends that the Commission reaffirm its determination of November 18, 1980, that an additional $15,317.49 in fees and placement costs be allocated to New Hampshire. Further, the Committee is to amend its state allocation schedule to reflect this adjustment within 30 days of receipt of this report.

2. Additional Adjustments to the Committee Allocated Totals for New Hampshire

a. Salary and Consulting Fees

The Threshold Report of the Audit Division made a procedural recommendation that the Committee allocate a portion of the salary or consulting fee for an individual's time while assigned and/or traveling within a particular state. During the Post Primary Audit, there appeared to be no change in allocation of these salaries or consulting fees as a result of the Threshold finding.

Our review initially determined that an additional $36,079.84 should be allocated to New Hampshire. The additional amount is based on our analysis of the amount of time spent by Committee staff in New Hampshire. In addition, costs associated with the operation of the Committee's New England Regional office were allocated by the Committee evenly to three New England states. The audit staff reviewed the volume of activity in each state and recalculated the allocable portions based on relative activity (amount of funds expended) in each state.

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In its response, the Committee sets forth several considerations in support of its position that since it is impossible to know the percent (sic) of time the national staff spends on a particular state, that no allocation can be made.

> "(1) The Treasurer often does not know the percentage of time an individual spends in a state until months after a primary. There would be no way to monitor daily travel schedules in the heat of a campaign and therefore no way to estimate the allocable expense.
>
> (2) It is often the case that a member of the national staff may be in a particular state but in no way influencing the state primary anymore than if he/she were in the national headquarters. The candidate has very few available hours. In order to properly brief him, or discuss a sensitive issue, an individual must make himself available to the candidate wherever he may be.
>
> (3) In a presidential campaign, planning plays a major role. The fact that part of the national staff may be with the candidate in state A, it is often the case that they are spending time planning for the primary in state B or C."

With respect to the Audit staff's reallocation of costs associated with the operation of the Committee's New England Regional office, the Committee's written response is silent on this matter.

It is the opinion of the Audit staff that our additional allocation is reasonable and with respect to salaries and consulting fees follows the principle set forth in Advisory Opinion 1979-73 approved by the Commission on January 10, 1980.

Subsequent to the Committee's response, we met with the Treasurer and reviewed additional information and Committee worksheets not previously provided concerning salaries and consulting fees. As a result of our review, we determined that the additional amount allocable to New Hampshire should be $24,802.29.

Recommendation

The Audit staff recommends that the Commission make a final determination that an additional $24,802.29 in staff salaries, and costs (overhead and salaries) associated with the operation of the Committee's New England Regional office be allocated to New Hampshire. Further, the Committee is to amend its state allocation schedule to reflect this adjustment within 30 days of receipt of this report.

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Introduction to Findings II.B.2(b) through (e)

With respect to items 2(b) through 2(e) below, the Committee, in its written response, made several general statements, but did not specifically address the matters therein. The Committee's remarks were:

> "With respect to New Hampshire, there are a number of disagreements. After analyzing the FEC findings the Committee has found $35,000-$45,000 of duplicated or post primary expenditures allocated to New Hampshire. In addition, another $10,000-$15,000 Maine and Vermont expenses have been considered New Hampshire. Another factor overlooked is the press reimbursements which dramatically affect the allocable expenditures. I will gladly forward my worksheets to the auditors for review and request that the Committee and the auditors sit down together and review New Hampshire expenditures so that we may at least agree to our disagreements. At that time the Committee will gladly adjust its records to reflect the changes."

The Audit staff met with the Treasurer during the week of January 5, 1981 to review additional information and Committee worksheets not previously provided regarding the New Hampshire state allocation. As a result of our review, findings 2(b), (c)(i), and (e) remain unchanged from the interim report while finding 2(d) was revised per the additional information. Further, a repayment has been incorporated in Finding 2(c)(ii).

b. Outstanding Debt

A review of the Committee's Outstanding Campaign Obligations as of July 31, 1980, identified outstanding debts totalling $3,326.27 which were related to the Committee's campaign in New Hampshire. Payments were made on these debts totaling $3,326.27.

c. Tour Related Disbursements

i) Our review of the Committee's allocation of tour costs revealed that disbursements, totaling $10,516.54, had not been allocated to New Hampshire. 6/ The disbursements were associated with a 16 city New Hampshire tour, occurring on February 4 and 5, 1980, which included payments for hotel rooms, chartered buses, rental cars, and a representative portion of an individual's salary/consulting fee earned during the period of the tour. The hotel used by the Committee during the tour is located in Danvers, Massachusetts which is approximately 15 miles from the New Hampshire state line.

6/ The disbursements were made from the Massachusetts, New Hampshire, and National headquarters' accounts. Disbursements from the Massachusetts account were allocated to Massachusetts, certain disbursements from the National headquarters' account were also allocated to Massachusetts, but disbursements from the New Hampshire account were not allocated to New Hampshire.

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The following is a recap of disbursements associated with the 16 city New Hampshire tour apparently originating from the hotel.

Hotel	$ 5,005.49
Salaries/Consulting Fees	3,674.47
Concord Coach Lines (Two (2) Bus Charters)	1,246.70
Rental Cars	589.88
Total	$10,516.54

ii) For the period February 10, 1980, through February 28, 1980, individuals associated with the Committee maintained rooms at the Sheraton Rolling Green Motor Inn (the hotel) located in Andover, Massachusetts which is approximately 10 miles from the New Hampshire state line.

The following is a recap of certain disbursements associated with tours apparently originating from the hotel.

Hotel	$26,810.00
Salaries/Consulting Fees	24,346.37
Concord Coach Lines (Eight (8) Bus Charters)	6,846.95
Rental Cars	1,435.80
Gasoline	1,213.97
Total	$60,653.09

Based on certain documentation supporting the above disbursements, (e.g., individual expense vouchers, invoices documenting charter bus routes, FEC schedules B-P (filed with the Committee by state offices), the Committee's tour manifest for the period 2/13/80 through 2/29/80, etc.), the Audit staff believes a substantial portion of the disbursements total noted above (c.ii) should be allocated to New Hampshire. 7/ Furthermore, six (6) of the eight (8) invoices supporting the bus charters did not show the tour routes and a determination of proper allocation could not be made.

In light of the fact that the Committee did not provide any additional information or worksheets concerning the above tour, the Audit staff has included this amount as allocable to the New Hampshire state limitation.

d. Other Vendor Payments

Our initial analysis of payments from the headquarter's operating accounts to vendors for postage, polling, direct mailing, telephone, office supplies, etc., revealed that additional payments totaling $76,819.12 should be allocated to New Hampshire.

7/ See footnote previous page

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Subsequent to the Committee's response, we met with the Treasurer and reviewed additional information and Committee worksheets not previously provided concerning other vendor payments. As a result of our review, we determined that the additional amount allocable to New Hampshire should be $25,329.92.

e. Miscellaneous

Various tests associated with our review of the Committee's allocation system resulted in the identification of an additional allocation of $11,827.63, representing payments made (for miscellaneous expense reimbursements and supplies) related to New Hampshire campaign activity.

Recap of New Hampshire State Limitation

Amount per Committee	$280,364.48
Finding II.B.1.	15,317.49
Finding II.B.2.a.	24,802.29
Finding II.B.2.b.	3,326.27
Finding II.B.2.c.i)	10,516.54
Finding II.B.2.c.ii)	60,653.09
Finding II.B.2.d.	25,329.92
Finding II.B.2.e.	11,827.63
Total Amount Allocable to New Hampshire per the Audit staff	$432,137.71*
Less New Hampshire State Limitation	(294,400.00)
Amount in Excess of Limitation	$137,737.71

Overall Recommendation (Finding II.B.(1) and (2))

It is the Audit staff's recommendation that the Committee amend its state allocation schedule to reflect the additional $151,773.23 chargeable to the New Hampshire state limit within 30 days of receipt of this report. Further, it is recommended that the Commission make a final determination that the amount ($137,737.71) in excess of the New Hampshire state limit be considered a non-qualified campaign expense and repayable to the U.S. Treasury (see finding III.B.1. for repayment discussion).

* The additional amount chargeable to New Hampshire is $151,773.23 ($432,137.71 less $280,364.48).

C. Contributions Received after the Primary Election

Section 110.1(a)(1) of Title 11 of the Code of Federal Regulations states that no person (except multicandidate committees under section 110.2) shall make contributions to any candidate, his or her authorized political committees or agents with respect to any election to Federal office which in the aggregate exceed $1,000.

Section 110.1(a)(2) of Title 11 of the Code of Federal Regulations states that "with respect to any election" means -

(i) In the case of a contribution designated in writing for a particular election, the election so designated, except that a contribution made after a primary, caucus or convention, and designated for the primary election, caucus or convention shall be made only to the extent that the contribution does not exceed net debts outstanding from the primary election, caucus or convention.

(ii) In the case of a contribution not designated in writing for a particular election,

(A) For a primary election, caucus or convention, if made on or before the date of the election, caucus or convention, or

(B) For a general election if made after the date of the primary election.

Based upon 26 U.S.C. 9032.(6)(A), 11 C.F.R. 9032.6(b)(1) and 9033.5(c) the Commission determined that the primary election period for the candidate ended July 16, 1980, when the Republican Party nominated the candidate for the office of President of the United States. On July 31, 1980, the Committee filed a Statement of Net Outstanding Campaign Obligations which reflected a net surplus of $2,514,000 for the primary election.

The Audit staff's review of deposits between July 17, 1980, and October 1, 1980, revealed that the Committee deposited contributions (dated after July 16, 1980) totaling $85,946.47 (net of non-negotiable items) into its campaign depositories and, as of October 6, 1980, retained the contributions therein. According to Committee receipt processing personnel, no special treatment was given these contributions.

The Audit staff recommended in the interim report that within 30 days of receipt of this report the Committee should either:

a) refund the $85,946.47 to the contributors and provide evidence of the refunds (i.e., front and back of each cancelled refund check) to the Audit Division;

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b) dispose of the contributions for the purpose(s) outlined at 2 U.S.C. 439a and provide evidence of the disposal, such as that addressed in item a); or

c) notify the contributors, pursuant to 11 C.F.R. 9003.3 (a)(1)(iii), that the contributions will be deposited in the general election legal and compliance fund. If after such notification the contributors object to the funds being so used, or the contributors have already contributed $1,000 (statutory limit) to the legal and compliance fund, the contributions should be refunded in the manner prescribed in item (a).

The Committee responded to the interim report on December 22, 1980. In the response, the Treasurer stated that "pursuant to 2 U.S.C. 439(a), Reagan for President has disposed of all contributions received after the date of nomination (emphasis added). This was accomplished by transferring the $85,946.47, as well as an additional $164,053.53, to the Presidential Transition Fund." The Treasurer provided a photocopy of the check.

Our audit work conducted in December, 1980, indicated that the Committee had received approximately $322,617.39 (net) in contributions during the period 7/17/80 thru 12/19/80. Of this amount $156,882.99 represented contributions dated 7/16/80 or before, while the remainder ($165,734.40) represented contributions dated 7/17/80 or after. Therefore, it is our opinion that the Committee has properly disposed of the amount of contributions ($165,734.40) which it could not retain given its surplus position on July 16, 1980. It should also be noted that while 11 C.F.R. 110.1(a)(2) requires the disposition of the $165,734.40, in view of the fact that the Committee has a calculated residual after repayment to the U.S. Treasury in excess of $1,800,000.00, the remainder ($85,946.47) of the $250,000 transferred is also permissible under 2 U.S.C. 439a.

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Recommendation

With respect to the transfer of the $250,000.00 to the Presidential Transition Fund, the Audit staff is of the opinion that the transfer is permissible under 2 U.S.C. 439(a), and recommends no further action.

D. Disclosure of Debts and Obligations

Section 434(b)(8) of Title 2 of the United States Code (formerly 2 U.S.C. 434(b)(12)) requires disclosure of the amount and nature of debts and obligations owed by or to such political committee; and a statement as to the circumstances and conditions under which such debts or obligations were extinguished, and the consideration therefore.

Section 104.11(a) and (b) of Title 11 of the Code of Federal Regulations states, in part, that debts and obligations which remain outstanding shall be continuously reported until extinguished. A debt, obligation, or other promise to make an expenditure, the amount of which is $500 or less, shall be reported as of the time payment is made or no later than 60 days after such obligation is incurred, whichever comes first. Any loan, debt or obligation, the amount of which is over $500 shall be reported as of the time of the transaction.

1. Response to Threshold Audit Findings

The Audit staff noted a $100,000 loan received from the Santa Monica Bank on September 6, 1979 for which the reported nature (details of the debt) on Schedule C-P consisted of only "Bank Loan". Additionally, the staff noted a letter of credit for which the Committee had not disclosed the $30,000 initial increment.

The Committee did acknowledge the initial $30,000 increment in a letter dated August 20, 1980. However, as of October 10, 1980, no information had been received concerning the nature of the bank loan.

2. Post-Primary Audit

a) Line of Credit

The Audit staff noted a line of credit established with Riggs National Bank. During the post-primary audit period the Committee had exercised and received $4,320,000 in loans against the line of credit. As the loans were received, the Committee disclosed on the applicable Schedules A-P, Line 20:

"Loan - No Guarantor
Secured by Matching Funds;
Payable 6/30/80"

The review of Schedules C-P Line 13 of the applicable reports which contained the debts and obligations portion of the loans, revealed that the Committee did not disclose the nature of the obligations (details of the debt, collateral, if any, interest rate, etc.)

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Moreover, an analysis of this matter performed subsequent to the Threshold Audit indicated that the candidate provided his conditional guaranty.

b) Accounts Payable

Our examination of the Committee's documents and disclosure reports, and a comparison thereof revealed that the Committee had been improperly reporting debts and obligations during the period February 1, 1980 through May 31, 1980.

Our testing indicated that debts and obligations were not properly disclosed on Schedule C-P for Line 13 with respect to the itemization of the obligation and the liquidation thereof. However, it was noted that these debts and obligations were paid and disclosed on the appropriate expenditure schedules.

The interim audit report, approved by the Commission on November 18, 1980, contained the following recommendations:

With respect to item 1), the Audit staff recommends that within 30 days of receipt of this report, the Committee file an amended report fully detailing on Schedule C-P Line 13 the nature of the Santa Monica Bank loan (Threshold audit finding).

For item 2a relating to the Riggs National Bank loans, it is recommended that within 30 days of receipt of this report, the Committee file an amended report(s) fully detailing on Schedule C-P, Line 13 the nature of these loans to include collateral, interest rates, and endorsements (if any), for each loan exercised against the line of credit.

With respect to item 2b), the Audit staff recommends that since testing has given assurance that all recognized debts and obligations were liquidated, no amendments to Schedule C-P are required on an item by item basis. However, it is the Audit staff's recommendation that within 30 days of receipt of this report, the Committee submit a statement for the public record, signed by the Treasurer, indicating that all recognized debts and obligations have been liquidated as of a given reporting date and that commencing with the next regularly scheduled disclosure report, debts and obligations will be reported as required by the Act.

On December 22, 1980, the Committee presented the amendments noted above in response to the interim report.

Recommendation

Since the appropriate amendments have been filed, we recommend no further action.

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E. Earmarked Contributions

Section 110.6(a) of Title 11 of the Code of Federal Regulations states that all contributions by a person made on behalf of or to a candidate, including contributions which are in any way earmarked or otherwise directed to the candidate through an intermediary or conduit, are contributions from the person to the candidate.

Section 110.6(c)(3) of Title 11 of the Code of Federal Regulations requires the intended recipient to disclose on his next report each conduit through which the contribution passed.

1. Response to Threshold Audit Findings

The Audit staff notified the Committee that the conduit(s) through which 49 earmarked contributions, totaling $4,870.00, had passed had not been disclosed. The Audit staff recommended that an amendment be filed not later than August 6, 1980, to disclose the conduit(s). As of October 10, 1980, the Committee had not filed this amendment, although in a letter dated August 20, 1980, the Treasurer indicated that an amendment would be filed. The Treasurer also stated that the conduits were not disclosed because they were informed by a former Commission employee that disclosure of the conduit was unnecessary.

2. Post-Primary Audit

This finding includes matters noted in the Threshold audit period as well as those noted in the Post-Primary audit period. The Audit staff noted 134 earmarked contributions, totaling $13,274.75 that were received and reported as though they were individual contributions (i.e., non-earmarked). As of October 10, 1980, the Committee had not disclosed on its reports the conduit(s) through which the contributions passed.

On December 22, 1980, the Committee filed the appropriate amendment in response to the recommendation contained in the interim audit report.

Recommendation

The Audit staff recommends no further action regarding this matter since the requested amendment has been filed.

F. Contributions Received From Non-Affiliated Committees

Section 434(b)(3)(B) of Title 2 of the United States Code (formerly 2 U.S.C. 434(b)(4)) requires disclosure of the identification of each political committee which makes a contribution to the reporting committee during the reporting period, together with the date and amount of any such contribution.

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1. Response to Threshold Audit Findings

The Audit staff concluded that 17 contributions totaling $4,755.79 received from non-affiliated committees had not been itemized on the Committee's disclosure reports. The Audit staff recommended that an amendment be filed not later than August 6, 1980. The Committee filed the amendment on September 12, 1980, itemizing the contributions.

2. Post-Primary Audit

During the receipts review, the Audit staff noted 19 contributions, totaling $8,018 received from non-affiliated committees which had not been itemized on the Committee's disclosure reports. Additionally, one (1) contribution for $105, was incorrectly itemized at $800.

The Committee also disclosed in memo entry form, as well as in unitemized receipts, a contribution of $2,675 as an earmarked contribution. The contribution was received from a multi-candidate committee. Based on the documentation presented, this contribution does not meet the criteria for an earmarked contribution as defined in 11 C.F.R. 110.6(b) and should be disclosed as a contribution from a non-affiliated committee.

An amendment which adequately disclosed the aforementioned contributions from non-affiliated committees was filed with the Commission on December 22, 1980 in response to the interim audit report.

Recommendation

The Audit staff recommends no further action regarding this matter.

G. Disclosure of Refunds

Section 434(b)(3)(F) of Title 2 of the United States Code requires the disclosure of the identification of each person who provides a rebate, refund, or other offset to operating expenditures to the reporting committee in an aggregate amount or value in excess of $200 within the calendar year, together with the date and amount of such receipt.

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The receipts review revealed that the Committee did not itemize eight (8) refunds totaling $19,109.50 which exceeded, or when aggregated with other refunds from the same person within the calendar year were in excess of $200, and incorrectly itemized a $12,623 refund at $18,623. In the Committee's report for September, 1980, the $12,623 refund was corrected.

On December 22, 1980, the Committee filed an amendment itemizing the refunds as required.

5.0 Recommendation

Since the requested amendment has been filed, the Audit staff recommends no further action.

H. Other Income

Section 434(b)(3)(G) of Title 2 of the United States Code requires the disclosure of any person, who provides any dividend, interest, or other receipts to the reporting committee in an aggregate amount of value in excess of $200 within the calendar year together with the date and amount. Additionally, 2 U.S.C. 431(11) defines the term "person" to include an individual, partnership, association, corporation, labor organization or any other organization or group of persons.

During the receipts review, the Audit staff noted that the Committee received $1,809.44 in interest income from a time certificate of deposit, which was not itemized as required. The interest income represented approximately 29.1% of the total dollar amount of such receipts as of July 31, 1980.

The Assistant Treasurer stated that this receipt was inadvertently reported as an unitemized contribution and expressed a willingness to file an amended report. The Committee included in its report for September, 1980, the $1,809.44 in interest income mentioned above.

On November 18, 1980, the Commission approved the Audit staff's recommendation that no further action is necessary on this matter.

I. Financial Activity Not Accurately Stated

Section 434(b)(1), (2) and (4) of Title 2 of the United States Code (formerly 2 U.S.C. 434(b)(1),(8) and (11)) requires disclosure of the amount of cash on hand at the beginning of the reporting period; and the total sum of all receipts and expenditures.

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1. Response to Threshold Audit Findings

The Audit staff noted that (a) reported receipts were understated $11,602.16, (b) reported expenditures were understated $37,404.13 and (c) ending cash at December 31, 1979 was overstated $25,801.97. This was primarily caused by the untimely receipt of expenditures information from state offices and accounts. In addition, one (1) set of bank statements and cancelled checks was not available for review at the time of the Threshold audit and the activity for that account could not be accounted for. The recommendation contained in the Threshold Audit report stated that the bank records be made available not later than August 6, 1980. On October 3, 1980, the records were made available, however, the activity in the account did not have a material bearing upon the financial activity noted above. In addition, the Audit staff noted that a substantial amount of the above activity was included in the 1980 disclosure reports. Procedural recommendations were made in the Threshold audit report concerning the time lag in disclosing expenditure activity relating to state office operations.

2. Post-Primary Audit

The reconciliation of the Committee's bank records to its disclosure reports covering the period 1/1/80 thru 7/31/80, indicated that (a) reported opening cash was understated $1,939.29, (b) reported receipts were understated $22,843.67, (c) reported expenditures were understated $160,222.52 and (d) reported closing cash on July 31, 1980, was overstated $135,439.56. It appears that the differences were primarily caused by including as cash on hand the value of funds transferred from national headquarters bank accounts to various state office accounts until receipt of expense reports from the state offices. Thus, these funds were classified as "unspent" by the Committee because, as of July 31, 1980, the expenditure documentation/expense reports had not been received from the state offices and accounts for inclusion in the disclosure reports. It is apparent that the Committee did not institute additional control procedures to ensure timely receipt of expenditure information from state offices, as recommended in the Threshold audit report.

The Committee disclosed on its reports for the months of August and September, 1980, receipts of $10,489.64 and expenditures of $139,192.25 relating to the time lag problem mentioned above.

Further, the Committee substantially disclosed the remainder of the receipts and expenditures on its reports covering the period October 1, 1980 through November 24, 1980.

Recommendation

In light of the fact that disclosure has been effected, the Audit staff recommends no further action.

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J. Campaign Tours

Section 9033(a)(1) and (2) of Title 26 of the United States Code requires candidates who receive payments under Section 9037 to obtain and furnish to the Commission any evidence it may request of qualified expenses, and keep and furnish to the Commission any records, books and other information it may request.

Section 432(c)(5) of Title 2 of the United States Code states, in part, that the Treasurer of a political committee shall keep an account of the name and address of every person to whom any disbursement is made, the date, amount and purpose of the disbursement.

The Audit staff noted that the Committee charges 150% of first class air fare for each media individual and approximately 100% of first class for United States Secret Service Agents travelling on Committee chartered aircraft. The 50% charge is added to cover the ground services and facilities (i.e., ground transportation, meals, telephone service, typewriters, etc.) which according to the Committee, are made available to these persons traveling on Committee chartered aircraft. We were unable to determine the ground costs associated with the Committee tours #4 through #26. According to the Committee, these costs were paid by the Committee's state offices, and documentation in support of the costs could not be readily identified. However, for tours 14, 16, 17, 18, 19, 20, and 26, the Committee billed the media and United States Secret Service for reimbursement equal to or substantially in excess of the actual total cost of the charter air transportation to be paid by the Committee for these tours.

Absent Committee demonstration to the contrary, any income realized in conjunction with the tours may have an impact on expenditure limitations discussed in Finding II.A.2. and III.B.2.

On November 18, 1980, the Commission approved the recommendation of the Audit Division contained in the interim report that within 30 days of receipt of the report the Committee review the state office records and identify the ground costs associated with tours #4 through #26. Further, the Committee was requested to provide the Audit staff with copies of documentation and working papers (inclusive of bank account and check number, date, amount, payee, and associated tour) supporting the associated ground cost for each tour. Upon receipt of the documentation and working papers, the Audit staff would review the reasonableness of applying reimbursements received based on the 150% charge as a reduction of expenditures subject to the limitation.

The Committee has not complied with the recommendation as stated, however, on December 22, 1980, the Committee responded that:

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"Until September of 1980, presidential campaign committees were not required to keep separate records of ground costs to press and secret service. The Committee billed the press 150% as has been the practice of a number of presidential committees in 1976 and again in 1980. In the threshold audit no mention was made by the auditors that separate records of tour expenses would be required.

Now, six months after the primary election has ended, the auditors request that the Committee supply detailed ground transportation costs to prove that no profit was made on 7 out of 26 tours. They agree, however, that the Committee did not make a profit on the other 19, apparently even taking a loss on the 19 tours. Considering that:

(1) regulations required no such details of records during that period;

(2) numerous campaigns have in the past used 150% as a rule of thumb, and the Commission has never questioned the reasonableness of the practice;

(3) the apparent indication that the Committee took a loss on 19 out of 27 tours;

(4) the audit team has found no reason to believe that a profit has been made but has instead told the Committee to prove none has.

The Committee feels the Audit Team is not justified in requesting a detailed study of tour expenses in this after-the-fact manner to prove something that seems apparent. It should be kept in mind that when the Committee agreed to supply records to the Federal Election Commission, it was done so with the understanding that the law was premised on reasonableness, otherwise it would violate the due process clause of the 5th Amendment."

It should be noted that the Audit staff disagrees with the Committee's statement that "They agree, however, that the Committee did not make a profit on the other 19, apparently even taking a loss on the 19 tours." Attachment I is a chart of tours #4 through #26 which details the net profit or (loss) to the Committee based solely on air charter costs.

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Based on the above analysis of tours #4 through #26, the Committee's maximum net profit realizable totals $142,990.78. Therefore, it is the opinion of the Audit staff that the operating expenditures subject to limitation, as reported, are/will be understated by $142,990.78 when all reimbursements are received.

According to Committee tour records, as of December 20, 1980, $10,986.00 in billings remain outstanding.

Recommendation

Since the Committee has failed to identify the ground costs associated with the tours, the Audit staff recommends that the Commission determine $142,990.78 be added to the Committee's expenditures subject to the limitation of 2 U.S.C. 441a(b)(1)(A) as adjusted by 2 U.S.C. 441a(c) (See Finding II.A.)). Further, within 30 days of receipt of this report the Committee is to file an amended report to reflect this adjustment.

III. Findings Related to Title 26 of the United States Code Determination of Net Outstanding Campaign Obligations and Repayment to the U.S. Treasury

A. Excessive Payments From the Matching Payment Account

Section 9038(b)(1) of Title 26, United States Code, states that if the Commission determines that any portion of the payments made to a candidate from the matching payment account was in excess of the aggregate amount of payments to which such candidate was entitled under section 9034, it shall notify the candidate, and the candidate shall repay to the Secretary an amount equal to the amount of excess payments.

Further, 11 C.F.R. 9034.1(a) states, in part, that a candidate who has become ineligible under 11 C.F.R. 9033.5 may not receive further matching payments regardless of the date of deposit of the underlying contributions if he or she has no net outstanding campaign obligations as defined in 11 C.F.R. 9034.5. 8/

8/ Commission regulations at 11 C.F.R. Section 9032.6 provide that the date on which a party nominates its candidate for president is the end of the matching payment period for a candidate seeking the presidential nomination of that party. 11 C.F.R. Section 9033.5(c) provides that the last day of the matching payment period is the date of ineligibility for candidates who have not previously been determined ineligible pursuant to 11 C.F.R. Sections 9033.5(a) or (b). Since Ronald Reagan was nominated as the Republican Party's presidential candidate at its national convention on July 16, 1980, that date is the date of Mr. Reagan's ineligibility.

1. Payment of Matching Funds After the Date of Ineligibility

As noted above, the candidate's date of ineligibility was July 16, 1980. On July 17, 1980, the Committee received a matching fund payment of $179,292.63. The Statement of Net Outstanding Campaign Obligations ("NOCO") which the Committee submitted on July 31, 1980, reflected a surplus position of $2,514,000. Since the candidate did not have net outstanding campaign obligations (debts), and the Committee received payment after the candidate's ineligibility date, the matching funds received ($179,292.63) constituted an excessive payment which is repayable to the U. S. Treasury pursuant to 26 U.S.C. Section 9038(b)(1).

On November 18, 1980, the Commission approved the interim audit report which recommended that $179,292.63 for the payment described above was repayable to the U.S. Treasury pursuant to 26 U.S.C. 9038(b)(1). On December 22, 1980, the Committee presented a check, a portion of which represented the repayment of the amount noted above.

Amount Repaid (Item A-1) $179,292.63.

2. Excessive Payment Made Prior to Candidate's Date of Ineligibility

On July 3, 1980, a certification for payment of $922,128.24 was made to the U.S. Treasury which resulted in the Committee's receipt of a $922,128.24 payment from the U.S. Treasury on this same date. The amount certified for payment was determined by applying a holdback percentage of 5.2% to the amount requested ($973,000.16 x 94.8% = $922,404.15 less miscellaneous prior period adjustments of $275.91 = $922,128.24). The holdback percentage is based on the average matchable percentage of the Committee's four prior submissions. In this instance, the holdback percentage when compared to the actual matchable percentage was understated by 2.15% which resulted in an overpayment of $20,900.83 (i.e., actual matchable percentage 92.65 less 94.8%, percentage applied).

An adjustment of -$20,900.83 was applied to the submission received on July 14, 1980 to arrive at the amount paid ($179,292.63) on July 17, 1980. In other words, on July 3, 1980, the Committee received $20,900.83 in matching funds over and above the amount to which it was entitled, based on the matchable contributions submitted.

The Committee was in a surplus position (minimum surplus amount of $2,514,000 per Committee's NOCO statement) on July 16, 1980. Therefore, the adjustment of $20,900.83 applied to the submission of July 14, 1980, is viewed as an overpayment in the same manner as the $179,292.63 discussed in Item A-1 above.

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On November 18, 1980, the Commission approved the interim audit report which recommended that $20,900.83 for the payment described above was repayable to the U.S. Treasury pursuant to 26 U.S.C. 9038(b)(1). On December 22, 1980, the Committee presented a check, a portion of which represented the repayment of the amount noted above.

Amount Repaid (Item A-2) $ 20,900.83.

B. Apparent Non-Qualified Campaign Expenses

1. Expenditures in Excess of State Limitation

As previously reported in Findings II.B.1 and 2 the Audit staff identified expenditures in excess of the state limitation for New Hampshire totaling $137,737.71.

On November 18, 1980, the Commission approved the recommendation of the Audit staff that the Committee be requested to show within 30 days of receipt of the interim audit report that the state expenditure limitations had not been exceeded. Further, absent such a showing, a determination would be made regarding an amount required to be repaid to the U.S. Treasury.

The Audit staff reviewed the Committee response to the interim report and made revisions to the additional amounts allocable to the New Hampshire state limit.

Recommendation

The Audit staff recommends that these expenditures totaling $137,737.71 be considered non-qualified campaign expenses, and the value be repaid in full to the U.S. Treasury within 90 days of receipt of this report. Further, the Committee is afforded 30 days from receipt of this report to present legal or factual materials to show that a repayment is not required (see 11 C.F.R. 9038.2(b)).

2. Expenditures in Excess of the Overall Limitation

As previously noted in Finding II.A.2., the Audit staff identified expenditures which appeared to be in excess of the overall limitation for the period 2/26/79 through 8/31/80 totaling $232,566.12 in the interim report.

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On November 18, 1980, the Commission approved the recommendation of the Audit staff that the Committee be requested to show within 30 days of receipt of the interim audit report that the overall expenditure limit had not been exceeded. Further, absent such a showing, a determination would be made regarding an amount required to be repaid to the U.S. Treasury.

The Audit staff reviewed the Committee response to the interim report and although a reclassification of certain expenditures subject to the limit to the exempt legal and accounting category was filed by the Committee, it is our opinion that the Committee has not adequately demonstrated that it did not exceed the overall limitation contained at 2 U.S.C. 441a(b)(1)(A).

Recommendation

Therefore, it is recommended that the value ($77,387.82) of the expenditures in excess of the overall limitation be considered non-qualified campaign expenses, and be repaid in full to the U. S. Treasury within 90 days of receipt of this report. Further, the Committee is afforded 30 days from receipt of this report to present legal or factual materials to show that a repayment is not required (see 11 C.F.R. 9038.2(b)).

C. Determination of Net Outstanding Campaign Obligations-Surplus

Section 9038(b)(3) of Title 26, United States Code, states, in part, that after all obligations have been liquidated, that portion of any unexpended balance remaining in the candidate's accounts which bears the same ratio to the total unexpended balance as the total amount received from the matching payment account bears to the total of all deposits made into the candidate's account shall be promptly repaid to the matching payment account.

In addition, Section 9038.3(c)(1) of Title 11, Code of Federal Regulations provides that if on the last day of candidate eligibility the candidate's net outstanding campaign obligations, as defined in 11 C.F.R. 9034.5 reflect a surplus, the candidate shall within 30 days of the ineligibility date repay to the Secretary of the Treasury an amount which represents the amount of matching funds contained in the candidate's surplus. The amount shall be an amount equal to that portion of the surplus which bears the same ratio to the total surplus that the total amount received by the candidate from the matching payment account bears to the total deposits made to the candidate's accounts.

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1. Calculations of Surplus and 26 U.S.C. 9038(b)(3) Repayment Amount

The initial NOCO statement filed on July 31, 1980, presented the financial position as determined by the Committee with respect to assets, liabilities and surplus funds as of July 17, 1980. In addition, total matching funds received, total deposits as described at 11 C.F.R. 9038.3(c)(2), payback % and an estimated payback amount were listed which were also compiled by the Committee. During audit fieldwork conducted in August and September 1980, the Audit staff reviewed the Committee's books and records to verify the figures on the Committee's NOCO statement. The Audit staff prepared a revised NOCO statement. Based on audit work conducted as of October 10, 1980, utilizing the records available, the Audit staff concluded that as of July 16, 1980, the Committee's assets exceeded liabilities (obligations) by at least $3,063,114.67. Further, it was noted that revisions would be made to this surplus figure upon receipt of additional information relating to certain assets of the Committee.

The Audit staff computed a figure for net deposits as defined at 11 C.F.R. 9038.3(c)(2) and total matching funds received. Adjustments were made to both figures in view of the $200,193.46 recommended recovery of matching funds discussed at Item III A-1 and A-2.

On November 18, 1980, the Commission approved the Audit staff's recommendation that, absent a showing to the contrary within 30 days of receipt of the interim audit report, that $1,033,353.99 was repayable to the U.S. Treasury in accordance with 26 U.S.C. 9038(b)(3). This amount represented the pro rata portion of Federal funds (based on audit work performed as of October 10, 1980), contained in the Committee's surplus ($3,063,114.67) on the Candidate's date of ineligibility.

Analysis of Committee Response

On December 22, 1980, the Audit staff received the Committee's response with respect to the calculation of surplus and the associated amount to be repaid to the U.S. Treasury. The Committee presented a revised NOCO statement, as of July 16, 1980, and a check representing the amount which the Committee determined as repayable to the U.S. Treasury. The portion of the check relating to the surplus repayment amounted to $754,044.67.

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The Treasurer stated in the response that the Committee did not agree with the "Audit Team's" NOCO statement, but, as noted above, has chosen to repay the Treasury at this time an amount it has determined is payable.

Subsequent to the receipt of the revised NOCO statement, the Audit staff met with the Assistant Treasurer to discuss the various differences resulting in the lower repayment amount. With the exception of the Accounts Receivable figure, agreement was reached on the remainder of the components making up the Committee's financial position as of July 16, 1980. (see Attachment II).

As shown on Attachment II, the Committee disagrees with the inclusion of $156,882.75 in individual and political committee contributions dated July 16, 1980 or before, but received July 17, 1980 or after. The Audit staff has included the value of these contributions based upon our interpretation of 11 C.F.R. Section 110.1(a)(2) which states that "with respect to any election" means -

(i) In the case of a contribution designated in writing for a particular election, the election so designated, except that a contribution made after a primary, caucus or convention, and designated for the primary election, caucus or convention shall be made only to the extent that the contribution does not exceed net debts outstanding from the primary election, caucus or convention.

(ii) In the case of a contribution not designated in writing for a particular election,

(A) For a primary election, caucus or convention, if made on or before the date of the election, caucus or convention, or

(B) For a general election if made after the date of the primary election.

In our opinion, the contributors' checks which were dated on or before the date of the nomination (July 16, 1980) were contributions made for the primary election and therefore includable as assets of the primary for purposes of calculating net outstanding campaign obligations (see Finding II.C. for a discussion of contributions dated and received after the primary election (July 16, 1980)).

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Based on our analysis of the Committee's books and records, the amount subject to repayment in accordance with 26 U.S.C. 9038(b)(3) is shown below.

$$\frac{\text{total matching funds received}}{\text{total deposits}} \times \text{surplus} = \text{26 U.S.C. 9038(b)(3) repayment amount}$$

$$\frac{\$7,094,268.10}{\$20,984,024.22} \times \$2,818,512.61 = \$952,879.92$$

As stated above, the Committee has repaid $754,044.67, leaving a balance due the U.S. Treasury of $198,835.25.

Recommendation

It is the recommendation of the Audit staff that the Committee be required to repay $198,835.25 to the U.S. Treasury within 90 days of receipt of this report pursuant to 26 U.S.C. 9038(b)(3). Further, the Committee is afforded 30 days from receipt of this report to present legal or factual materials to show that a repayment is not required (see 11 C.F.R. 9038.2(b)).

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Repayment Summary

Finding III.A.1.	Payment of Matching Funds After the Date of Ineligibility	$179,292.63
Finding III.A.2.	Excessive Payment Made Prior to Candidate's Date of Ineligibility	20,900.83
Finding III.B.1.	Expenditures In Excess of State Limitation	137,737.71
Finding III.B.2.	Expenditures In Excess of the Overall Limitation	77,387.82
Finding III.C.1.	Repayment of Surplus Funds	952,879.92
	Subtotal-Recommended Repayment	$1,368,198.91
	Less Repayment made for Finding III.A.1.	(179,292.63)
	Less Repayment made for Finding III.A.2.	(20,900.83)
	Less Partial Repayment made for Finding III.C.1.	(754,044.67)
	Total Recommended Repayment Remaining	$413,960.78

Pursuant to Section 9038.2 of Title 11 of the Code of Federal Regulations the amount in the above Repayment Summary ($413,960.78) is repayable to the United States Treasury within 90 days of receipt of this report. If the candidate disputes the Commission's determination that a repayment is required, he may submit in writing, within 30 days of receipt of this report, legal or factual materials to demonstrate that a repayment is not required.

9/ This amount is subject to change.

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D. Valuation of Committee Assets

1. Assets Purchased by Reagan For President General Election Committee *

In June, 1980, the Reagan For President General Election Committee ('the GEC") was invoiced by the Committee for $10,668.64 representing the "present worth" (as determined by the Committee) of office furniture and machines purchased by the GEC for use in the general election campaign. Payment for the goods was made on October 3, 1980, by check drawn on a GEC account.

The Audit staff reviewed the invoice and believes the valuation is deficient. The Commission's regulations at 11 C.F.R. 100.7(a)(1)(iii)(A) and (B) may permit a valuation similar to that utilized by the Committee, however,

> "if goods or services are provided at less than the usual and normal charge, the amount of the in-kind contribution is the difference between the usual and normal charge for the goods or services at the time of the contributions and the amount charged the political committee."

"Usual and normal charge" means the price of those goods in the market from which they ordinarily would have been purchased at the time of the contribution (emphasis added, see 11 C.F.R. 100.7 (a)(1)(iii)(B)).

In this instance, the GEC is precluded from accepting a contribution from the Committee in view of the fact that the GEC received the full entitlement from the Fund ($29,440,000) and the contribution (the usual and normal charge for the goods, less amount paid) was not specifically solicited for the candidate's legal and accounting compliance fund (see 11 C.F.R. 9003.2(a)(2), proposed at the time of the transaction). Rather the equipment is being utilized for and was paid from the GEC operating account containing federal funds.

It is the opinion of the Audit staff that the GEC has accepted an in-kind contribution from the Committee equal to the difference between the "usual and normal charge" for such goods and the "present worth" purchase price paid for the goods by the GEC. The Treasurer of the Committee stated that the valuation method produces a reasonable approximation of the "present worth" of the equipment.

* On August 5, 1980, the name of the general election committee was changed to Reagan For President General Election Committee and/or Reagan Bush Committee in an amendment to the Committee's Statement of Organization filed with the Commission.

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It is the Audit staff's opinion that the Committee's "present worth" valuation method produces an unreasonably low valuation. The method "forces" a zero value on the items as of November 1, 1980, merely four (4) months after being acquired by the GEC and only 18 months after acquisition by the Committee. Hence, it is evident that the "present worth" valuation (i.e. 18 month straight line depreciation) of the items differs to a significant degree from the "usual and normal charge" as defined at 11 C.F.R. 100.7(a)(1)(iii)(B).

On November 18, 1980, the Commission approved the Audit staff's recommendation that within 30 days of receipt of this report, that the Committee be required to prepare a valuation of the items based on the "usual and normal charge" for such goods. The amount of the contribution, as determined by the Commission, should be reimbursed to the Committee by the GEC to obviate the acceptance of a contribution on the part of the GEC and the making of a contribution by the Committee. Further, the Committee is to provide the basis and associated working papers for the Audit staff's review.

On December 22, 1980, the Committee submitted a revised valuation. The Audit staff reviewed the valuation and after adjustments to correct quantities and purchase prices for certain items listed, it is our opinion that a valuation of $50,260.92* is reasonable.

In addition, as a result of information developed during follow-up audit fieldwork in December, 1980, a valuation for capital assets on hand at 7/16/80 was calculated. The value ($51,378.07) is included in the NOCO calculation at Attachment III.

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Recommendation

The Audit staff recommends that within 30 days of receipt of this report the Committee invoice the GEC $39,592.28 ($50,260.92 less $10,668.64 payment received) and obtain said payment to obviate the acceptance of a contribution on the part of the GEC and the making of a contribution by the Committee. Further, the Committee should within the 30 day period submit documentation (copy of invoice) to the Audit staff and disclose the said payment on its next regularly scheduled report.

* The value placed on the items by the Committee amounted to $45,254.12.

2. Committee Assets Utilized by the GEC Without Compensation

In conjunction with our review of the Committee's NOCO statement, several items were noted which were apparently being used by the GEC in connection with the candidate's general election campaign. These items included: two (2) postage machines, 12 electronic communication devices, one (1) word processor, one (1) mail opening machine and an electric message sending device. The purchase price of these items is at least $28,566.88 and these items were apparently purchased during the period March, 1979 through June, 1980. These items were discussed with the Treasurer of the Committee and she agreed to ascertain whether or not these items were being used by the GEC and if so, to invoice the GEC an amount for the usage/value of such items.

On November 18, 1980, the Commission approved the recommendation of the Audit staff that the Committee place a value on these goods and bill the GEC accordingly to preclude the acceptance of a contribution by the GEC and the making of a contribution by the Committee. The Committee placed a reasonable value on the goods and/or agreed to the classification as capital assets as of 7/16/80. The valuation and disposition of these items are discussed at Finding III.D.1 above.

3. In-kind Contribution to the Reagan For President General Election Compliance Fund *

Our review of the Committee's assets revealed that a portion of the office furniture and machines used by the Committee during the Primary campaign was transferred to the GEC Compliance Fund for use during the general election campaign. The Committee did not disclose the transfer on its Report of Receipts and Expenditures nor did the GEC Compliance Fund disclose the receipt. The Committee, pursuant to our request, was to prepare a listing of the equipment transferred to the GEC Compliance Fund. It was noted that in all likelihood, the entire value of the equipment might not be viewed as solely to insure compliance with the Act and therefore not a permissible contribution in its entirety (see 11 C.F.R. 9003.3(a)(2)). It was requested that the Committee obtain from the GEC a breakdown showing compliance vs. non-compliance usage for this equipment. For example, if the GEC's accounting section were utilizing all of the equipment transferred, a breakdown of 85% compliance and 15% non-compliance might exist. If this were the case, it would be necessary for the GEC to reimburse the Committee for an amount equal to the pro rata portion of the value (based on "usual and normal" charge) used for non-compliance activity. Such reimbursement would have to be made from the GEC federal funds operating account and charged to the expenditure limitation contained in 2 U.S.C. 441a(b)(1)(B).

* On August 5, 1980, the name of the Reagan For President General Election Compliance Fund was changed to Reagan For President General Election Compliance Fund and/or Reagan/Bush Compliance Fund in an amendment to the Committee's Statement of Organization filed with the Commission.

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The recommendation in the interim audit report provided that the Committee place a value on the equipment transferred equal to the "usual and normal" charge and disclose the value as an in-kind contribution in its disclosure report. Further, reimbursement would have to be requested from the GEC for the value of the portion of equipment used for non-compliance purposes. The reporting and reimbursement, if any, would have to occur within 30 days of receipt of the interim report.

The Committee did not address this matter in its written response to the interim audit report. However, the Audit staff has been able to place an estimate on the value of goods apparently comprising the in-kind contribution to the GEC Compliance Fund. Absent a showing to the contrary by the Committee, we feel that a value of $4,915.86, representing calculators and filing cabinets, is reflective of the value of the in-kind contribution. Preliminary agreement has been reached with the Committee regarding this evaluation.

Recommendation

It is recommended that the Committee disclose the value of the in-kind contribution on its next regularly scheduled report and advise the GEC Compliance Fund accordingly.

4. General Election Campaign Expenditures

a. Our examination of Committee expenditure records disclosed certain disbursements relating to travel outside the United States for which the purpose of the trips may be considered "in connection with" the general election. The trips occurred between May 30, 1980, and July 5, 1980, and the cost was $5,230.29. The treasurer stated that the trips were made to enhance foreign policy positions. However, due to the timing of the trips the treasurer was not certain if they related to the primary or general election campaign, but indicated that either position could be arguable.

b. During the course of review the Audit staff noted eight (8) expenditures or portions thereof, totaling $26,969.01, which appear to benefit the general election campaign. The disbursements occurred between June 30, 1980, and September 8, 1980, for purposes relating to travel, individual moving expenses, moving expenses related to the relocation of the Committee's National Headquarters from Los Angeles, California to Arlington, Virginia in June, 1980, and office supplies.

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It should be noted that Section 9003.4(b)(4)(i) of Title 11, Code of Federal Regulations provides that;

> a candidate who has received federal funding under 11 CFR Part 9031, et seq., may borrow from his or her primary election campaign an amount not to exceed the residual balance projected to remain in the candidate's primary account(s) on the basis of the formula set forth at 11 CFR 9038.3(c). A major party candidate receiving payments equal to the expenditure limitation shall reimburse amounts borrowed from his or her primary campaign from payments received by the candidate under 11 CFR Part 9005 within 15 days of such receipt.

Further, Section 9003.4(c) of Title 11, Code of Federal Regulations states, in relevant part, that;

> amounts received or borrowed by a candidate under 11 CFR 9003.4(b) to defray expenses permitted under 11 CFR 9003.4(a) shall be deposited in a separate account used only for such expenses.

Although, these payments were made directly from the Committee's primary election accounts, it was our opinion in the interim report that since the Candidate was in a surplus position on his date of ineligibility, the transactions may be viewed as loans to the Candidate's general election committee and thereby treated in accordance with 11 C.F.R. 9003.4(b)(4)(i) cited above.

On November 18, 1980, the Commission approved the Audit staff's recommendation in the interim audit report that absent a showing to the contrary (i.e., a written explanation from the Treasurer that demonstrates to the Commission's satisfaction that the disbursements were, in fact, "in connection with" the primary election and not "in connection with" the general election), it would be necessary for the Committee to prepare an invoice to and obtain a reimbursement from the Candidate's general election committee, which would have precluded the applicability of 26 U.S.C. 9003(b), for the value of the disbursements ($32,199.30) noted in a. and b. Evidence of the transaction (a copy of both sides of the cancelled check) was to have been provided to the Audit staff within 30 days of receipt of the interim report.

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The Committee in its response to Finding D-4(a) stated that it was of the opinion that the expense of the European trips are primary expenditures. It was further stated that the trips were planned and taken prior to the date of the convention and were therefore properly paid by Reagan for President.

In responding to Finding D-4(b), the Committee requested an itemization concerning the $26,969.01 in expenses apparently made in relation to the general election. The Treasurer also stated that upon review of the invoices the Committee will make the appropriate transfer of moneys. An itemization of the expenditures is included at Attachment III; however, it should be noted that the Committee was informed of these items and provided a listing comprising 7 of the eight items, totalling $11,681.61 at the exit conference conducted on October 24, 1980.

Further, two additional expenditures totalling $417.57, were identified during our review conducted in December 1980 which appear to relate to the General election campaign. An itemization of these expenditures is also included on Attachment III.

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Recommendation

With respect to 4(a), it is recommended that no further action is required. The Committee's response appears to support its position that the expenses were made in relation to the Primary campaign.

With respect to 4(b), it is recommended that the Committee prepare an invoice to and obtain a reimbursement from the Candidate's general election committee, which will preclude the applicability of 26 U.S.C. 9003(b) for the value of the disbursements - $27,386.58* ($26,969.01 + $417.57) noted above. Evidence of the transaction (a copy of both sides of the cancelled check) is to be provided to the Audit staff within 30 days of receipt of this report. Further, the Committee is afforded 30 days to demonstrate that these expenditures were, in fact, related to the Primary campaign.

E. Matters Referred to the Office of General Counsel

Certain other matters noted during the audit were referred to the Commission's Office of General Counsel on October 10, 1980 and December 31, 1980, for further consideration.

* Included in this amount is an expenditure for $15,287.40 made prior to the Candidate's date of ineligibility which is included as an accounts receivable for the purpose of calculating the surplus repayment amount at Finding III.C.1.

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ATTACHMENT I

Schedule to Support Tour Finding II. L

TOURS 4 thru 26

TOUR NUMBER	1 # RFP	2 # MEDIA	3 # USSS	4 Amount PRESS	5 Billed USSS	6 Amount of Expected Reimbursement	7 Charter Cost of AIR TRANSPORTATION	8 TOUR	9 % of RFP ON TOUR	10 ACTUAL COST TO CMTE (COL. 7-6)	11 PRO-RATA COST FOR RFP STAFF	12 MAXIMUM NET INCOME (LOSS) REALIZABLE
4	105	126	72	32,502.50	12,430.00	44,932.50	65,925.17	4	35%	20,992.67	23,073.81	2,081.14
5	64	88	33	12,965.50	3,454.00	16,419.50	37,128.93	5	35	20,709.43	12,995.13	(7,714.30)
6	66	88	46	22,065.00	7,140.00	29,205.00	47,047.84	6	33	17,842.84	15,525.79	(2,317.05)
7	96	174	55	26,878.00	5,611.00	32,489.00	42,964.41	7	30	10,475.41	12,889.32	2,413.91
8	58	80	36	11,728.00	3,994.00	15,722.00	46,730.28	8	33	31,008.28	15,420.99	(15,587.29)
9	36	80	35	13,626.00	3,373.00	16,999.00	22,046.80	9	24	5,047.80	5,291.23	243.43
10	81	153	72	29,175.50	10,374.00	39,549.50	54,903.17	10	26	15,353.67	14,274.82	(1,078.85)
11	87	173	109	29,577.58	10,829.00	40,406.58	74,345.11	11	24	33,938.53	17,842.83	(16,095.70)
12	70	122	48	13,593.00	3,856.00	17,449.00	28,878.16	12	29	11,429.16	8,374.67	(3,054.49)

ATTACHMENT I

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Schedule to Support Tour Finding II. L

TOURS 4 thru 26

TOUR NUMBER	1 # RFP	2 # MEDIA	3 # USSS	4 Amount PRESS	5 Billed USSS	6 Amount of Expected Reimbursement	7 Charter Cost of AIR TRANSPORTATION	8 TOUR	9 % of RFP ON TOUR	10 ACTUAL COST TO CNTE (COL. 7-6)	11 PRO-RATA COST FOR RFP STAFF	12 MAXIMUM NET INCOME (LOSS) REALIZABLE
13	160	380	134	32,529.55	7,780.00	40,309.55	53,038.91	13	24	12,729.36	12,729.34	(.02)
14	113	353	111	62,087.59	14,697.00	76,784.59	60,600.14	14	20	(16,184.45)	12,120.03	28,304.48
15	98	229	82	25,112.00	6,354.00	31,466.00	34,888.21	15	24	3,422.21	8,373.17	4,950.96
[illegible]	60	147	48	37,258.00	8,736.00	45,994.00	44,227.56	16	24	(1,766.44)	10,614.61	12,381.05
17	104	286	109	60,231.50	17,699.00	77,930.50	58,284.58	17	21	(19,645.92)	12,239.76	31,885.68
18	199	393	176	62,374.50	22,666.00	85,040.50	74,569.31	18	26	(10,471.19)	19,388.02	29,859.21
19	191	399	167	60,933.50	17,830.00	78,763.50	61,991.32	19	25	(16,772.18)	15,497.83	32,270.01
20	135	335	114	59,933.00	14,549.00	74,482.00	58,978.60	20	23	(15,503.40)	13,565.08	29,068.48
21	71	168	55	28,384.50	6,537.00	34,921.50	38,551.18	21	24	3,629.68	9,252.28	5,622.60
22	44	112	47	10,495.50	3,437.00	13,932.50	22,715.67	22	21	8,783.17	4,770.29	(4,012.88)
23	54	110	65	27,406.00	11,935.00	39,341.00	48,464.27	23	24	9,123.27	11,631.42	2,508.15
24	13	24	11	6,360.00	2,332.00	8,692.00	10,523.82	24	27	1,831.82	2,841.43	1,009.61
25	41	51	38	17,539.50	8,017.00	25,556.50	35,354.45	25	32	9,797.95	11,313.42	1,515.47
26	24	35	12	23,152.50	5,292.00	28,444.50	29,859.58	26	34	1,415.08	10,152.26	8,737.18
												142,598.78

Attachment II

REAGAN FOR PRESIDENT COMMITTEE
STATEMENT OF NET OUTSTANDING CAMPAIGN OBLIGATIONS
AS OF July 16, 1980

(PREPARED BY AUDIT STAFF)

Assets		
Cash On Hand 7/16/80	$ 3,728,668.41	
Loans Receivable	170,000.00	
Accounts Receivable	506,041.50 *	
Accrued Interest Receivable	8,033.29	
Capital Assets	51,378.07	
Total Assets	$ 4,464,121.27	$ 4,464,121.27
Obligations/Liabilities		
Accounts Payable for Qualified Campaign Expenses	$(1,562,956.48)	
Estimated Winding Down Costs 8/15/80 to Termination	(82,652.18)	
Total Obligations	$(1,645,608.66)	$(1,645,608.66)
Net Outstanding Campaign Obligations-Surplus		$ 2,818,512.61

* Includes $156,882.99 in contributions dated 7/16/80 or before, but received 7/17/80 or after. The Committee does not feel that the value of these contributions should be categorized as an asset as of 7/16/80.

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Attachment III

Expenses Paid by Primary Campaign Which Appear to Relate to General Election Campaign

Payee Classification	Purpose	Check Date	Check #	Check Amount	General Election Portion
Individual	Expense Reimbursement for Hotel Room	7/25/80	590	$ 100.00	$ 100.00
Commercial Vendor	Office supplies ordered June-July 1980	7/31/80	813	7,654.72	6,889.25 (90% General, 10% Primary)
Political Committee	Printing of literature	8/6/80	917	1,086.74	1,086.74
Commercial Vendor	Office supplies ordered June-July 1980	8/21/80	1124	3,137.35	2,823.62 (90% General, 10% Primary)
Individual	Moving Expense Cal-D.C.	8/21/80	1140	334.00	334.00
Individual	Moving Expense Cal-D.C.	8/21/80	1150	334.00	334.00
Individual	Expense Reimbursement 8/29/80 trip D.C. to Maine	9/8/80	1358	114.00	114.00
Commercial Vendor	Moving RFP office from Cal to D.C.	6/30/80	5972 *	15,287.40	15,287.40
Subtotal				$28,048.21	$26,969.01
Individual	Moving Expense Cal to D.C.	10/8/80	1481	344.00	344.00
Telephone Company	Telephone Expense August 1980	10/20/80	1495	73.57	73.57
Total				$28,465.78	$27,386.58

* Check 5972 written on SM A/C 542; all others written on Riggs A/C 9113.

C. Contribution Limitations

Section 441a(a)(1)(A) of Title 2 of the United States Code states that no person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000.

Section 103.3(b)(2) of Title 11 of the Code of Federal Regulations states that when a contribution cannot be determined to be legal, refunds shall be made within a reasonable time, and the treasurer shall note the refund by amending the current report or noting the change on the committee's next required report.

1. Response to Threshold Audit Findings a/

The Audit staff recommended that the Committee refund 128 contributions totaling $75,820 (excessive portion), which appeared to be in excess of the $1,000 limitation, or demonstrate that they were, in fact, not excessive. The Audit staff also recommended that the Committee amend its disclosure reports to correct the public record for 79 contributions totaling $57,523.28 (excessive portion), that initially appeared excessive. Thirty of these contributions totaling $29,453.28 had been duplicated on the reports, and 49 of them totaling $28,070 had been reapportioned to another individual(s) (i.e., husband and wife apportionments) based upon written authorization received from the contributors.

The Audit staff's review of the Committee's reports and responses to requests for additional information (R.F.A.I.) revealed that the Committee reported making refunds of $10,435 to 24 individuals. However, as of October 10, 1980, evidence of the refunds (i.e., copies of cancelled checks, front and back) had not been presented for review. Further, the Committee amended its disclosure reports to correct the public record for the 30 duplicated contributions and 26 of the 49 reapportioned items.

2. Post-Primary Audit

The finding includes the apparent excessive contributions, and reapportionments noted in the Threshold Audit period that have not been adequately responded to by the Committee.

According to the records, the Committee had received contributions from 422 individuals which appear to exceed, or when aggregated with other contributions from the same individual, were in excess of the $1,000 limit. The total value of the contributions is $232,766.89 (excessive portions).

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a/ The Threshold audit covered the period 2/26/79 through 12/31/79 (see Threshold audit report approved by the Commission on September 16, 1980).

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The Committee reported, as of the last report filed at the close of audit fieldwork, that it had refunded $42,962.44 to 85 of the individuals and had reapportioned contributions, totaling $31,374, received from 52 individuals to another individual(s) (i.e., husband and wife apportionments). However as of October 10, 1980, evidence of the refunds and reapportionments (i.e., copies of cancelled checks, front and back, and reapportionment authorizations from contributors) had not been presented to the Audit staff for review. This left a remainder of $158,630.45 (excessive portions) of the contributions that had not been addressed by the Committee as of October 10, 1980. b/ Further, the Committee had not amended its reports to correct the public record for 23 of the 49 reapportioned contributions noted in the Threshold Audit period.

The interim audit report approved by the Commission on November 18, 1980, recommended that within 30 days of receipt of the report the Committee -

(i) refund the $158,630.45 in contributions which appear to be in excess of the limit, or provide evidence clearly demonstrating that the contributions are, in fact, not excessive. If the Committee can demonstrate to the Commission's satisfaction that certain contributions are not excessive, it is recommended that an amended report(s) be filed to correct the public record;

(ii) present evidence to the Audit Division (i.e., front and back of each cancelled check) in support of the 85 contribution refunds to individuals totaling $42,962.44;

(iii) present evidence to the Audit Division (i.e., reapportionment authorizations signed by contributors) in support of the 52 reapportioned contributions totaling $31,374;

(iv) file an amended report correcting the public record for the 23 contributions (noted in the Threshold Audit period) which were reapportioned to another individual(s).

On December 22, 1980, the Committee provided the following response to the recommendation:

(a) with respect to recommendation (i) above, the Committee provided documentation in full support of 134 contributions (excessive portions totaling $79,810, detailed as follows -

(1) the front and back of Committee checks for 68 refunds totalling $20,491;

(2) contributor authorizations supporting 40 contributions (excessive portions) totaling $19,884 which had been reapportioned to other individuals;

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b/ Additional excessive contributions were previously referred by the Reports Analysis Division to the Office of General Counsel.

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(3) information supporting 26 contributions (excessive portions) totaling $39,435 which had been incorrectly recorded because of data input errors.

The Committee has not fully responded to 173 contributions (excessive portions) totaling $81,305.45, detailed as follows -

(4) photocopies of the face of Committee checks were provided for 56 refunds totaling $18,373.78. We recommended that both the front and back be provided to show negotiation of the refund checks;

(5) no response was received for 83 contributions totaling $44,725.00;

(6) fourteen contributions, totaling $4,941.67, according to the Committee were intended for the General Election Compliance Fund, however, these were not fully documented as to the intent of the contributor;

(7) documentation was not provided supporting eight (8) contributions (excessive portions) totaling $7,300 reapportioned to other individuals as contained in the amended report of receipts and expenditures filed December 22, 1980;

(8) only partial refunds were made for eight (8) contributions, (excessive portions) leaving $4,765 still in excess of the $1,000 limitation;

(9) only partial reapportionments to others were made for four (4) contributions (excessive portions) leaving $1,200 still in excess of the $1,000 limitation;

(b) with respect to recommendation (ii) above, the Committee provided documentation in full support of 54 refunds totaling $27,139.94. However, the Committee has not fully responded to contributions totaling $11,572.50 detailed as follows -

(1) photocopies of the face of Committee checks were provided for 16 reported refunds totaling $5,725. We recommended that both front and the back be provided to show negotiation of the refund checks;

(2) no documentation was submitted in support of 11 reported refunds totaling $3,797.50.

(3) only partial documentation was provided for two (2) reported refunds leaving $1,550 still in excess of the $1,000 limitation;

(4) an amended report of receipts and expenditures was filed rather than providing documentation in support of one (1) refund leaving a balance of $500 still in excess of the $1,000 limitation;

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(c) with respect to recommendation (iii) above, the Committee provided documentation in full support of 31 contributions (excessive portions) totaling $14,804 which had been reported as reapportioned to another individual(s).

However, the Committee has not fully responded to contributions totaling $18,370 (excessive portions), detailed as follows:

(1) no response was received for 21 contributions totaling $13,500;

(2) photocopies of the face of Committee checks were provided for three (3) refunds totaling $1,170 which were originally reported as reapportioned to others. We recommend that both the front and back of the checks be submitted to show negotiation of the refund checks, or contributor authorizations to support the reapportionment as originally reported;

(3) an amended report of receipts and expenditures was filed rather than providing contributor authorizations in support of two (2) reapportionments totaling $1,150;

(4) only partial documentation was provided for two (2) reported reapportionments leaving $2,550 still in excess of the $1,000 limitation.

(d) with respect to recommendation (iv) above, as of December 30, 1980 the Committee has not filed an amended report correcting the public record for 23 contributions (noted in the Threshold Audit period) which were reapportioned to other individuals.

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Recommendation

The Audit staff recommends that this matter be referred to the Office of General Counsel. Detailed schedules are attached for each of the above areas. *

* At present certain unexplained differences in amounts exists with respect to the Committees action regarding the recommendations.

Settlement of Corporate Debts

Section 114.10 of Title 11 of the Code of Federal Regulations states, in part, that -

a) A corporation may extend credit to a candidate, political committee, or other person in connection with a Federal election provided that the credit is extended in the ordinary course of the corporation's business and the terms are substantially similar to extensions of credit to non-political debtors which are of similar risk and size of obligation.

b) Except as specifically provided in paragraph (c) of this section, a corporation may not forgive prior debts or settle debts which have been incurred by a candidate or political committee or other person for use in connection with a Federal election for less than the amount owed on the debt.

c) A corporation may settle or forgive a debt if the creditor has treated the outstanding debt in a commercially reasonable manner. A settlement will be considered commercially reasonable if -

(1) The initial extension of credit was made in accordance with paragraph (a) of this section.

(2) The candidate or political committee or person has undertaken all commercially reasonable efforts to satisfy the outstanding debt; and,

(3) The corporate creditor has pursued its remedies in a manner similar in intensity to that employed by the corporation in pursuit of a non-political debtor, including lawsuits if filed in similar circumstances.

The corporation and/or the debtor must file a statement of settlement with the Commission including the initial terms of the credit, the steps the debtor has taken to satisfy the debt, and remedies pursued by the creditor. This statement must be filed prior to the termination of the reporting status of the debtor and the settlement is subject to Commission review.

During a review of expenditure documentation in conjunction with the Post Primary Audit follow-up, the Audit staff noted an agreement made October 29, 1980 by and between Reagan For President ("RFP") and MediAmerica, Inc. ("MA") in settlement of a disputed contract. RFP believed "it had more than satisfied its contractual obligations to MA, while MA contended that it had incurred additional expenses for which it should be compensated". According to the agreement, and documentation from MediAmerica, a $16,566.52 balance was settled for $4,000. (Agreement and Documentation attached)

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Recommendation

The Audit staff recommends that this matter be referred to the Office of General Counsel for possible MUR treatment.

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AGREEMENT

This agreement is made this 29th day of October, 1980 by and between Reagan for President (hereinafter RFP), of 901 South Highland Street, Arlington, Virginia 22204 and MediAmerica, Inc. (hereinafter MA), of 1900 N. Beauregard Street, Suite 12, Alexandria, Virginia 22311.

Whereas, MA provided services to RFP during the period of November to December of 1979 pursuant to an oral agreement; which services involved telephone fundraising for the campaign; and

Whereas, the oral agreement between RFP and MA was that MA would expend no more, and bill no more, than twenty five thousand dollars ($25,000) pursuant to this contract; and

Whereas RFP has paid MA twenty nine thousand, five hundred and eighty nine and 33/100 dollars ($29,589.33) pursuant to this contract in five payments of the following amounts and dates:

1/7/80	-	$10,000.00
2/11/80	-	8,000.00
2/22/80	-	8,535.83
2/22/80	-	53.50
5/9/80	-	3,000.00

And whereas RFP believes it has more than satisfied its contractual obligations to MA, while MA contends that it has additional expenses which should, in fairness, be compensated.

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Now, therefore, in consideration of the mutual commitment of both parties to a fair settlement of this dispute it is herein agreed that the oral contract originally entered into is hereby modified. RFP will pay to MA $4,000 on the signing of this agreement.

The aforesaid parties mutually release each other from any obligation of any kind arising out of the oral agreement and, MA accepts the four thousand dollars in total settlement of any claims of any kind whatsoever in connection with its oral agreement and waives any rights under that agreement including the right to bring an action against any individual or committee connected with the Reagan campaign at any stage.

October 29, 1980
Date

by D. Richard Geske
President
Medi America

Bay Buchanan 10/29/80
by Bay Buchanan, Treasurer

8304038408

MEDIAMERICA
Mark Center Office Plaza 5
1900 N. Beauregard Street, Suite 12
Alexandria, VA 22311
Phone 703|998|0334

OCT 17 1980

Reagan For President Committee
901 South Highland Street
Arlington, VA 22204

October 9, 1980

Invoice #495

For National Telephone Fundraising services to 20,000 Reagan For President Committee contributors during November, 1979 and December, 1979.

$2.25/gross name ($2.25 X 20M)

Total Due			$ 45,000.00
Paid on Account:	1/7/80	$10,000.00	
	2/11/80	$ 8,000.00	
	2/22/80	$ 8,000.00	
	2/22/80	$ 53.50	
	5/9/80	$ 3,000.00	
		Balance Due	$ 15,410.67
Current Interest to date (5 month period)			1,155.85
		Current Balance	$ 16,566.52

All invoices are due and payable upon receipt.
All charges are payable 20 days from date of invoice. A service charge of 1.5% per month (equivalent to 18% per year) will be added to past due items.

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MEDIAMERICA
Mark Center Office Plaza 5
1900 N. Beauregard Street, Suite 12
Alexandria, VA 22311
Phone 703|998|0334

Mr. William Casey
National Chairman
Reagan for President Committee
901 South Highland Street
Arlington, Virginia 22204

September 18, 1980

Dear Mr. Casey:

Please find enclosed my previous correspondence to you regarding the delinquent invoice we discussed on this date.

As I indicated, I believe MediAmerica has made every conceivable effort short of legal action to collect the $15,410.67 due on invoice #495.

Please remit balance due plus intrest penalties totaling $462.32 on or before September 26, 1980.

I regret to inform you that failure to meet this obligation on or before 12:00 noon, on September 26, 1980 will cause MediAmerica to file the necessary documents to proceed legally against the Reagan for President Committee.

I appreciate your personal attention to this matter.

Sincerely yours,

D. Richard Geske
President

DRG/bw
Enclosures

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MEDIAMERICA
Mark Center Office Plaza 5
1900 N. Beauregard Street, Suite 12
Alexandria, VA 22311
Phone 703| 988|0334

Reagan For President Committee
901 South Highland Street
Arlington, Virginia 22204

July 25, 1980

Invoice #495

For National Telephone Fundraising services to 20,000 Reagan For President Committee contributors during November, 1979 and December, 1979.

$2.25/gross name ($2.25 x 20M)

Total Due $45,000.00

Paid on Account:		
	1/7/80	$10,000.00
	2/11/80	$ 8,000.00
	2/22/80	$ 8,535.83
	2/22/80	$ 53.50
	5/9/80	$ 3,000.00

Balance Due $15,410.67

All invoices are due and payable upon receipt.
All charges are payable 20 days from date of invoice. A service charge of 1.5% per month (equivalent to 18% per year) will be added to past due items.

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MEDIAMERICA
Mark Center Office Plaza 5
1900 N. Beauregard Street, Suite 12
Alexandria, VA 22311
Phone 703|998|0334

Mr. William Casey
National Chairman
Reagan for President Committee
901 South Highland Street
Arlington, Virginia 22204

July 28, 1980

Dear Mr. Casey:

As a matter of courtesy to Governor Reagan, I feel it is incumbent upon MediAmerica to inform you of the following:

MEDIAMERICA, INC. WILL FULLY COMPLY WITH ALL FEDERAL ELECTION COMMISSION RULES AND REGULATIONS CONCERNING POSSIBLE ILLEGAL CORPORATE CONTRIBUTIONS TO THE REAGAN FOR PRESIDENT COMMITTEE BY MEDIAMERICA, INC..

Specifically, national telephone fundraising services to twenty thousand Reagan contributors -- grossing in excess of $136,000 -- were provided to the Reagan for President Committee by MediAmerica on or about November, 1979 through December, 1979. These services were incorrectly billed at cost. The fair and normal market value for these services is $2.25/gross name (20M x $2.25) or $45,000.00. MediAmerica submitted invoices reflecting costs that totaled $37,876.80. Therefore, a possible illegal corporate contribution in the amount of $7,132.20 appears to have been made to the Reagan for President Committee.

On May 5, 1980, Mr. Ian Stirton of the Federal Election Commission informed MediAmerica that "costs" or reimbursement of expenses does not reflect the true and fair market value of the services rendered to the Reagan for President Committee by MediAmerica and that MediAmerica is obligated to comply with the following course of action: (1) immediately notify the Reagan for President Committee, and (2) adjust all invoices submitted by MediAmerica to the Reagan for President Committee to reflect the fair market value of the services provided.

Ms. Bay Buchanan, Treasurer of the Reagan for President Committee and Mr. Loren Smith, General Council for the Reagan for President Committee were duly informed of the above on

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May 5, 1980. Consequently, Mr. Smith had agreed to submit a written response to MediAmerica concerning corporate contributions to the Reagan Committee, assuring MediAmerica that our billing procedure was "legal". No such document was received.

Herewith, MediAmerica is formally complying with all procedures recommended by the Federal Election Commission on May 5, 1980.

The balance of the Reagan for President Committee account at this time is $15,410.67 (invoice attached).

Mr. Casey, considerable efforts to collect previous overdue balances, extending over a period in excess of six months, have been thwarted by unnecessary delays. Your prompt attention to this matter would therefore be greatly appreciated.

Sincerely,

D. Richard Geske
President

DRG/meg

Attachment

Copies: James Korman
Edwin Messe
Loren Smith
Ian Stirton
Bay Buchanan

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Reagan Bush Committee
901 South Highland Street, Arlington, Virginia 22204 (703) 685-3400

October 23, 1980

Media America
Mark Center Office Plaza 5
1900 N. Beauregard Street - Suite 12
Alexandria, Virginia 22311

Gentlemen:

Pursuant to invoice #495 received by this office October 10, 1980, Reagan for President does not recognize any outstanding indebtedness to Media America.

You may want to correct your records to reflect this fact.

Sincerely,

Bay Buchanan

Bay Buchanan
Treasurer

BB:lp

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Paid for by Reagan Bush Committee United States Senator Paul Laxalt Chairman Bay Buchanan Treasurer

MEDIA AMERICA - GESKE

BILL #2	BILLED	CREDITS	PAY
TELEPHONES	833 44	-	833 44
WATS	3887 18	2462 37	1424 81
	361 47	-	361 47
	516 41	516 41	
	1175 50	1175 50	
	237 81	-	237 81
	7011 81	4154 28	2857 53
ADVERTISING	201 82	-	201 82
PERSONNEL	4207 95	-13 80	4194 15
	322 09	85	321 24
OTHER PERSONNEL + EQUIPMT.	1112 72	-	1112 72
	12856 39	4168 93	8687 46
PAID ON BILL #2			3000 00
OWING			5687 46
CREDITS ON BILL #1		TAXES	
	1513 98	22 4 55	
	2118 63	70 6 36	
	1808 57	1 04	
	4272 32	70 10 26	
	8085 61	+ 2221	= (8307 77)
OUTSTANDING			$ 4856 69

Ref
10-29-80
#1548-9113

-61-

EXHIBIT C

Possible Corporate Contribution

Section 441b 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 election for federal office.

During the Post Primary Audit follow-up work conducted during the week of December 15, 1980, we noted several photocopies of corporate checks and other supporting documentation received by the Committee on October 1, 1980, from Tommy Thomas Chevrolet Co., Inc. of Panama City, Florida. The documentation indicates that expenditures were incurred by Luther E. Thomas and paid by the corporation. These expenditures, totaling $9,466.60, covered the period from April 3, 1979 through August 26, 1980 and were for the Reagan 80 Campaign. The above dollar amount was reported as a debt owed by the Committee to Tommy Thomas. We determined that Mr. Thomas was the Reagan For President Executive Director for the Florida Region.

Recommendation

We recommend that this matter be referred to the Office of General Counsel for possible MUR treatment. A copy of the documentation is attached which details the expenditures.

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D. Settlement of Corporate Debts

Section 114.10 of Title 11 of the Code of Federal Regulations states, in part, that -

a) A corporation may extend credit to a candidate, political committee, or other person in connection with a Federal election provided that the credit is extended in the ordinary course of the corporation's business and the terms are substantially similar to extensions of credit to non-political debtors which are of similar risk and size of obligation.

b) Except as specifically provided in paragraph (c) of this section, a corporation may not forgive prior debts or settle debts which have been incurred by a candidate or political committee or other person for use in connection with a Federal election for less than the amount owed on the debt.

c) A corporation may settle or forgive a debt if the creditor has treated the outstanding debt in a commercially reasonable manner. A settlement will be considered commercially reasonable if -

(1) The initial extension of credit was made in accordance with paragraph (a) of this section.

(2) The candidate or political committee or person has undertaken all commercially reasonable efforts to satisfy the outstanding debt; and

(3) The corporate creditor has pursued its remedies in a manner similar in intensity to that employed by the corporation in pursuit of a non-political debtor, including lawsuits if filed in similar circumstances.

The corporation and/or the debtor must file a statement of settlement with the Commission including the initial terms of the credit, the steps the debtor has taken to satisfy the debt, and remedies pursued by the creditor. This statement must be filed prior to the termination of the reporting status of the debtor and the settlement is subject to Commission review.

The Committee and The C.T. Clyne Company, Inc., entered into a written agreement dated October 5, 1979, whereby The C.T. Clyne Company, Inc., would provide advertising services to the Committee. The services were to be provided by all departments with exception of the research and media departments for the purposes of creating and producing Reagan campaign advertising.

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The Committee agreed to/that -

a) pay a fee equivalent to 11% of all media billings except for billings on the November 13, 1979 syndicated and network television candidacy announcement;

b) advance $25,000 per month for October, November and December 1979, and the advances ($75,000) were to be deducted in monthly increments of $25,000 from the earned fees in January, February and March, 1980;

c) permit the Clyne Company to add the customary 17.65% agency mark up to the production invoices billed to the Committee;

d) receive bills (at net) for Clyne Company's out-of-pocket expenses such as travel and lodging when conducting Committee business; and

e) the Clyne Company will provide office space within the agency for the Committe's media team from Ruth Jones, Ltd., at no extra cost to the Committee.

A letter dated May 7, 1980, from The Clyne Company, Inc., indicated that the three (3) $25,000 ($75,000) advances had not been received, as provided by the agreement. Further, the company was not reimbursed for $45,000 in costs incurred in conjunction with a commercial. According to the Clyne Company letter, the following is a re-cap of amounts owed to it by the Committee:

Balance shown as owed by the Committee	$ 8,130.48
"Copter" Commercial Cost	45,000.00
October, November, and December Fees (advances)	75,000.00
Less: Commissions earned in 1980	(14,136.78)
Amount owed by Committee	$113,993.70

A letter from the Committee to the Clyne Company dated January 29, 1980, notified the Company that in 30 days (February 27, 1980) the Committee intended to terminate the contract.

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In a memorandum dated April 12, 1980, the Committee Treasurer stated that the "Copter" commercial could not be used because of its poor quality. Further, the advances ($75,000) were to be applied to commissions earned in January, February and March, but since the contract was terminated effective February 27, 1980, no commission was earned in March, 1980. In addition, Clyne Company earned only $14,136.78 commission on media billings.

On July 29, 1980 the Committee paid $40,000 to the Clyne Company for a full and complete release of all claims possessed by the company against the Committee.

As of October 10, 1980, no debt settlement statements had been filed with the Commission by either the Committee or The C.T. Clyne Company, Inc.

The recommendation contained in the interim audit report required that a Statement of Debt Settlement be filed with the Commission.

In response to the interim audit report, the Treasurer stated that (1) the Committee had no legal obligation to the Clyne Company, (2) there was no settlement of debt, (3) the Committee and Clyne Company produced a compromise settlement, and (4) the Committee is still of the opinion that it owed the Clyne Company nothing.

Recommendation

In light of the Committee's position, the Audit staff recommends that this matter be reviewed by the Office of General Counsel.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 16, 1981

MEMORANDUM

TO: Robert J. Costa
Assistant Staff Director

THROUGH: B. Allen Clutter
Staff Director

FROM: Charles N. Steele
General Counsel

SUBJECT: Analysis of the Final Audit Report - Reagan for President - A-884

The Office of General Counsel has reviewed the final post-primary audit report on the Reagan for President Committee ("Committee"). Based on a number of discussions between Audit and General Counsel staff, it is our understanding that the Committee and Audit Division have resolved several disagreements with respect to certain findings since the draft report was submitted to this Office on January 2, 1981. With the understanding that prior to submission of the report to the Commission appropriate changes will be made, this Office has comments as follow.

II. A. - Limitation on Expenditures

1. The Office of General Counsel concurs with the determination of the Audit Division that the Committee should reclassify $376,252.71 as operating expenses, this figure being the amount by which the Committee has exceeded its fundraising exemption limitation.

2. Limitation on Expenditures 2 U.S.C. § 441a(b)(1)(B):

Analysis of Committee Response: Payroll Taxes and Headquarters' Overhead

The Office of General Counsel concurs with the opinion of the Audit Division that the Committee should be permitted to reclassify expenditures for payroll and payroll taxes and for overhead costs related to the Treasurer's office from operating costs to exempt legal and accounting expenditures in amounts not to exceed 85% of the total

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of these categories of expenditures. The Commission has determined that a maximum 85% figure was reasonable with regard to the threshold audits of the Carter/Mondale Presidential Committee, Inc. and Bush for President Committee. Absent any showing of inappropriateness, this Office believes that a consistent approach should be used in the present situation.

Interest Payments and Bank Charges

This Office also concurs with the finding of the Audit Division that payments to banks for interest and other charges are not payments covered by 11 C.F.R. § 100.8 (b)(15) and therefore are not exempt from a presidential candidate's expenditure limitations pursuant to 2 U.S.C. § 441a(b)(1)(A) and 26 U.S.C. § 9034. (This Office urges the Audit Division to cite the relevant sections of the statute where applicable.)

Miscellaneous Items

a) It is the understanding of this Office that the Committee has not provided evidence in support of its reclassification to exempt legal and accounting of certain disbursements for reimbursed air travel and lodging, newspaper advertisements, autopen plates, and employment fees. Therefore this Office concurs with the decision of the Audit Division that the amount so reclassified should be charged to operating costs.

b) This Office concurs with the finding of the Audit Division that the Commission should accept only a maximum of 85% of the payments made to individuals as reclassifiable to exempt legal and accounting.

It is the understanding of this Office that the Audit Division's recommendation that the disagreement between the Audit Division and the Committee regarding reclassification of expenditures to legal and accounting be referred to the Office of General Counsel concerns the Title 2 reporting problems which arise if the Committee's reclassification is not accepted. This Office believes that such a referral would not be appropriate until the Committee has been notified of the Commission's decision regarding the reclassification issue and has been given an opportunity to make any resulting repayment or to file an objection to such finding. Title 2 reporting violations would result only if the Committee does not ultimately sustain its argument regarding reclassification. Thus a referral to this Office at this time would be premature.

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B. Allocation of Expenditures to States

1. Media Expenses and Consultant Fees

This Office concurs with the finding of the Audit Division that the fees paid a media consultant in lieu of the standard 15% agency commission on media buys should be allocated to states.

This Office also concurs with the Audit Division's determination that the Committee has not demonstrated the reasonableness of its use of a grade B contour instead of television industry figures when allocating expenditures to Boston television stations.

The Committee's response has the effect of an admission that the Grade B contour method was chosen with regard to New Hampshire because of potential problems regarding excessive expenditures in that state; it was not deemed necessary to apply this method in other New England states where the Committee did not forsee exceeding the state expenditure limitation. Apparently the Committee is claiming the right to pick and choose among allocation methods for each state depending upon the result of each method. The Office of General Counsel does not consider this a reasonable basis for using a Grade B contour approach in only one New England state, while applying a different allocation method in others. The actual unreasonableness is demonstrated by the differing results regarding Rhode Island which are described in the Audit Report. This Office agrees that no one allocation method is necessarily always the best, however, committees should be expected to choose one to be applied in all related situations.

It is the opinion of this Office that the appropriate recommendation should be that the Committee must allocate to states media consultant fees paid in lieu of the standard 15% agency commission and that the Committee must utilize a consistent method of allocating television costs among New England states. No referral to the Office of General Counsel is necessary at this time.

2. Additional Adjustments to the Committee Allocated Total for New Hampshire

a. Salary and Consulting Fees

This Office concurs with the finding of the Audit Division that the costs associated with the New England Regional Office should be allocated on the basis of the relative expenditure activity of the Committee in each

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of the states involved. In light of the recent Commission decision regarding allocation of national staff salaries according to time spent in states, we also concur with the finding of the Audit Division that portions of such salaries should be allocated to New Hampshire.

The appropriate recommendation would be that the Committee be required to allocate the national staff salaries at issue and the costs of the New England regional office, the latter on the basis of the relative expenditure activity in each state. No referrals to the Office of General Counsel are required at this time.

b. Outstanding Debt

This Office concurs with the determination that the amounts of outstanding debts related to the Committee's campaign in New Hampshire must be allocated when paid.

c. Tour Related Disbursements

i) This Office concurs with the determination that disbursements related to the February 4-5, 1980 tour of New Hampshire should be allocated to New Hampshire.

ii) It is the recommendation of the Office of General Counsel that the entire amount of $60,653.09 associated with the February 13-29, 1980 tour of New Hampshire be allocated to that state. — pending committee response

d. Other Vendor Payments

It is the understanding of this Office that as a result of consultation with the Committee, the auditors now have determined that $25,329.92 should be allocated to New Hampshire with regard to postage, polling, direct mailing, telephone, office supplies, expenditures, etc. This Office concurs with this finding.

e. Miscellaneous

This Office concurs with the determination that the additional amount of $11,827.63 cited in the Audit Report should be allocated to New Hampshire.

Overall Recommendation

As stated above, no referral to the Office of General Counsel of matters related to the state limitation for New Hampshire is required at this time. The recommendation should involve a calculation of the total repayment of expenditures which exceeded the state limitations.

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It is suggested that a "Recap of Audit Adjustments" be added in this section as has been done for Section II. A.

C. Contribution Limitations

This Office concurs with the recommendation of the Audit Division that this matter be referred to the Office of General Counsel. It is understood that this matter will appear as an exhibit in the final audit report.

D. Settlement of Corporate Debts

This Office concurs with the recommendation of the Audit Division that the matter concerning the C. L. Clyne Company, Inc. be referred to the Office of General Counsel. It is understood that this matter will appear as an exhibit in the final audit report.

E. Contributions Received after the Primary Election

This Office concurs with the opinion of the Audit Division that the Committee's transfer of $250,000 to the Presidential Transition Fund was permissible pursuant to 439a.

F. Disclosure of Debts and Obligations

This Office concurs with the Audit Division's recommendation that no further action be taken in this matter.

G. Earmarked Contributions

Since the Committee filed the amendment per the request contained in the interim report, this Office concurs in Audit's recommendation to take no further action. In line six under "Response to Threshold Audit Findings," "has" should be changed to "had".

H. Contributions Received From Non-Affiliated Committees

Since the Committee filed the requested amendment, this Office concurs in Audit's recommendation to take no further action.

I. Disclosure of Refunds

Since the Committee filed the requested amendment, this Office concurs in Audit's recommendation to take no further action.

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J. Other Income

In the second paragraph, the last sentence should indicate that the interest income "represented approximately 29.1% of the total dollar amount of such receipts" as of a certain date, since it appears that the Committee has since received additional interest income. Otherwise, the Office of General Counsel concurs in this finding.

K. Financial Activity Not Accurately Stated

Although the Committee does not appear to have instituted additional control procedures, this Office concurs in Audit's recommendation to take no further action on the basis that there has been adequate disclosure.

L. Campaign Tours

In the interim report, the Office of General Counsel concurred in Audit's recommendation that within 30 days the Committee identify the ground costs associated with tours #4-26 and provide the Audit staff with copies of documents and working papers supporting the associated ground costs for each tour. That recommendation was approved by the Commission.

The Committee indicated in its response to the interim report that the Audit staff was not justified in "requesting a detailed study of tour expenses", suggesting that the request was unreasonable. In essence, the Committee's position is based on the fact that, in the case of other committees, the Commission has not questioned the reasonableness of using 150% of first class airfare as a "rule of thumb" for charging media for the flights and their associated ground costs.

It's our understanding that the Audit staff requested this information from the Reagan For President Committee, and not other 1980 presidential committees, because a review of reports indicated that Reagan For President was likely to exceed the overall limitation on expenditures of 2 U.S.C. § 441a(b)(1)(A) as adjusted by 2 U.S.C. § 441a(c). Audit staff has informed this Office that this apparent closeness of the Reagan For President to the expenditure limits is the sole reason for the greater scrutiny, and that other committees using a similar 50% charge for ground costs would have been similarly scrutinized had they been similarly situated. Given the distinction between Reagan For President and other committees, this Office supports Audit's attempt to acquire additional information.

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While otherwise concurring in this finding, this Office recommends the following changes:

1. Payment of Matching Funds After the Date of Ineligiblity

The first sentence of the second paragraph should be changed to read as follows:

> "On November 18, 1980, the Commission approved the interim audit report which recommended that $179,292.63 for the payment described above was repayable to the United States Treasury pursuant to 26 U.S.C. § 9038(b)(1)".

2. Excessive Payment Made Prior to Candidate's Date Ineligibility

The first sentence of the fourth paragraph should be changed to the same type of language indicated above in #1.

B. Apparent Non-Qualified Campaign Expenses

1. Expenditures in Excess of State Limitations

This Office recommends that the amount by which the state limitation for New Hampshire has been exceeded be deemed non-qualified campaign expenses repayable to the U.S. Treasury.

2. Expenditures in Excess of the Overall Limitation

This Office concurs with the recommendation that the amount by which the Audit Division finds the Committee to have exceeded the candidate's overall limitation be deemed non-qualified campaign expenses payable to the U.S. Treasury.

It is not necessary to recommend that the Committee be given 30 days to present legal or factual materials showing that a repayment is not required. This response period is mandated by regulation.

C. Determination of Net Outstanding Campaign Obligations - Surplus

In the draft report submitted to this Office on January 2, 1981, the Committee's revised NOCO statement differed with the NOCO statement prepared by the Audit Division after conducting its examination of the Committee's books and records. Major items in the conflicting statements

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In the draft final post-primary report, Audit has prepared a schedule showing the actual charter costs of the air transportation for tours 4-26. Based upon the percentages of Committee staff, Secret Service personnel, and the media on these tours, and not including any ground costs (since the Committee has declined to identify them), the schedule indicates that the Committee has realized an apparent "profit" of approximately $142,990 (roughly $6200 per tour). This figure has been added to Committee expenditures subject to the overall limitation resulting in the Committee's apparently exceeding the limitation of 2 U.S.C. § 441a(b)(1)(A) in the amount of $72,502. Were the Committee to provide sufficient information concerning the actual cost of ground charges, it might be able to demonstrate that it has not exceeded the limit.

Audit has recommended that since the Committee has not identified the ground costs associated with the tours that the matter be referred to the Office of General Counsel. This Office feels that it is inappropriate to make a referral at this time. Since the Audit Division has included the $142,990, noted above, in the calculation of expenditures subject to the limit, and has recommended to the Commission that it determine that the Committee has exceeded the overall limitation by $72,502, Finding L should be included in the Audit report as part of the legal and factual basis for the Commission's repayment determination under 26 U.S.C. § 9007(b)(2). The Committee will thereby have an opportunity to dispute the Commission's determination in this regard pursuant to 11 C.F.R. § 9038.2(b).

Accordingly, the recommendation should be changed to the following, or similar, language:

> "Since the Committee has failed to identify the ground costs associated with the tours, the Commission should add $142,990.70 to the Committee's expenditures subject to the limitation of 2 U.S.C. § 441a(b)(1)(A) as adjusted by 2 U.S.C. §§ 441a(c)." (See Finding II. A at page 9).

III. Findings Related to Title 26 of the United States Code/ Determination of Net Outstanding Campaign Obligations and Repayment to the U.S. Treasury

A. Excessive Payments From the Matching Payment Account

The Office of General Counsel notes that the Committee has acknowledged the excessive payments, and that $200,193.46 of the $954,238.13 repaid by the Committee to date represents repayment pursuant to 26 U.S.C. § 9038(b)(1).

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be deleted. Instead, the report should indicate that the end of such period is based on 26 U.S.C. § 9032(6).

Recommendation - It is not necessary to recommend that the Committee be given 30 days to present legal or factual materials showing that a repayment is not required, since the response period is mandated by 11 C.F.R. § 9038.2.

D. Valuation of Committee Assets

1. Assets Purchased by Reagan for President General Election Committee ("GEC")

This Office concurs with the recommendation of the Audit Division that the Committee request payment from the GEC of $39,592.28 to cover the costs not yet met of office equipment purchased from the Committee.

2. Committee Assets Utilized by the GEC Without Compensation

See D-1 above.

3. In-kind Contribution to the Reagan for President General Election Compliance Fund

This Office concurs with the recommendation that the committee disclose a value equal to the "usual and normal" charge for the in-kind contribution at issue and advise the General Election Campaign Compliance Fund accordingly.

4. General Election Campaign Expenditures

a. This Office concurs with the recommendation that no further action be taken regarding the pre-convention expenses at issue.

b. This Office concurs with the recommendation that the Commission require the Committee to obtain reimbursement from the GEC of the full value of disbursements made by the Committee with regard to the general election campaign, absent a showing to the contrary.

Exhibit B

This Office concurs with the recommendation that this matter be referred to the Office of General Counsel.

Exhibit C

This Office concurs with the recommendation that this matter be referred to the Office of General Counsel.

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included the cash on hand figure, the characterization of loans to the General Election Compliance Fund, interest income, capital assets, and accounts payable. Subsequent to our receipt of the draft report, Audit staff resolved many of these differences with the Committee.

The Audit Division and the Committee are still in disagreement with respect to contributions dated July 16, 1980 or before, but received July 17, 1980 or after. The Audit Division has included the amount of such contributions ($156,882.75) under the Committee's accounts receivable , while the Committee feels that such amounts should not be so included because they were received by the Committee after the candidate's date of ineligibility but could not legally be given because the candidate was in a surplus position as of that date. See 11 C.F.R. § 110.1(a)(2). Audit bases its position on a reading of 11 C.F.R. § 110.1(a)(2) which provides, in part, that "a contribution made after a primary, caucus or convention. . . shall be made only to the extent that the contribution does not exceed net debts outstanding from the primary election, caucus or convention." Since these contributions dated July 16, 1980 or before were apparently made before Mr. Reagan was nominated, they were made in accordance with the provisions of 11 C.F.R. § 110.1(a)(2). In addition, since these contributions were made on July 16, 1980 or before, Audit has included them within the Committee's accounts receivable.

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The practical effect of viewing these contributions as accounts receivable is to include them as assets for the NOCO calculation. Since the Committee was in a surplus position as of July 16, 1980, a portion of such contributions is subject to repayment under 26 U.S.C. § 9038(b)(3).

It is our understanding that the Committee feels that these contributions should not be included as assets for purposes of the NOCO statement and repayment under 26 U.S.C. § 9038(b)(3), but they should be viewed in the same manner as contributions both made and received subsequent to July 16, 1980. Such contributions were tranferred by the Committee to the Presidential Transition Fund, and were not included as amounts subject to partial repayment under Section 9038(b)(3). (See II E of the draft report.)

The Office of General Counsel concurs in Audit's finding in this regard, but makes the following suggestions:

Revised page 42 - To be consistent with other sections of the report, the reference to the Commission's determination with respect to the end of the primary election period should

Re-Cap and Overall Recommendation

The Office of General Counsel recommends that the Audit Division add to the report a Re-Cap of all amounts repayable to the United States Treasury pursuant to 26 U.S.C. §§ 9038(b)(1), (2) and (3). This re-cap should also indicate the partial payment made to date by the Committee, and what items are considered repaid by that partial payment. Finally, this Office recommends that an overall recommendation be made with respect to the entire amount repayable to the United States Treasury.

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REAGAN-BUSH COMPLIANCE FUND

901 South Highland Street
Arlington, Virginia 22204
(703) 685-3400

DEC22 P4:45

HAND DELIVERED

December 22, 1980

Federal Election Commission
1325 K Street, NW
Washington, D. C. 20463

Gentlemen:

Please consider this a formal response to the Interim Post Primary Report of the Audit Division on Reagan for President. The numbering system corresponds with that of the Audit Report.

II. A. 1. No response necessary.

A. 2. The Committee's compliance expenditures have been summarized and reclassified on the post-election report. Reagan for President is now well below the expenditure limitation as set forth in 2 U.S.C.441a(b)(1)(A).

B. 1. The Audit Team is of the opinion that the method used by the Committee to allocate media expenses in New Hampshire is not acceptable. Their argument relies heavily on the fact that the Grade B Contour method was not applied in other states. The audit team does agree, however, that the Committee did not approach the state expenditure limit in any other state. Since the implementation of the Grade B Contour method involved a cost factor, the Committee did not feel it necessary to apply the more expensive but detailed allocation method to states other than New Hampshire. In addition, media costs in other states were generally incurred after the New Hampshire primary.

It should be noted that prior to the implementation of the contour method, the general counsel of the committee contacted the Commission concerning media allocation methods. He was informed that although the method used in 1976 by many committees (13.3%) was acceptable, it was not the only method and that any reasonable method of allocation was acceptable. The Committee contracted a firm of engineers to do a scientific study of the New England media market. The Committee used this study as the basis of their allocation method and feels strongly that it is reasonable and therefore acceptable.

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Reagan-Bush Compliance Fund—United States Senator Paul Laxalt, Chairman; Bay Buchanan, Treasurer.
A copy of our report is filed with and available for purchase from the Federal Election Commission, Washington, D.C. 20463

B. 2. a. It is my understanding that since the date of the audit, the Commission has determined that media production costs need not be allocated to states.

2. b. The Committee is of the opinion that since it is impossible to know the percent of time the national staff spends on a particular state, that no allocation can be made. The audit team is of the opinion that a review of expense reports yields a reasonable figure. This method is not only inaccurate, but unreasonable. Consider the following:

(1) The Treasurer often does not know the percentage of time an individual spends in a state until months after a primary. There would be no way to monitor daily travel schedules in the heat of a campaign and therefore no way to estimate the allocable expense.

(2) It is often the case that a member of the national staff may be in a particular state but in no way influencing the state primary anymore than if he/she were in the national headquarters. The candidate has very few available hours. In order to properly brief him, or discuss a sensitive issue, an individual must make himself available to the candidate wherever he may be.

(3) In a presidential campaign, planning plays a major role. The fact that part of the national staff may be with the candidate in state A, it is often the case that they are spending time planning for the primary in state B or C.

2.c.-g. After further deliberation between the Audit Team and the Committee staff, the auditors agree that the Committee has not exceeded the state limitation for expenditures in either South Carolina or Iowa.

With respect to New Hampshire, there are a number of disagreements. After analyzing the FEC findings the Committee has found $35,000-$45,000 of duplicated or post primary expenditures allocated to New Hampshire. In addition, another $10,000-$15,000 Maine and Vermont expenses have been considered New Hampshire. Another factor overlooked is the press reimbursements which dramatically affect the allocable expenditures.

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I will gladly forward my worksheets to the auditors for review, and request that the Committee and the auditors sit down together and review New Hampshire expenditures so that we may at least agree to our disagreements. At that time the Committee will gladly adjust its records to reflect the changes.

C. The supporting documentation requested for refunds and reapportioned contributions has been supplied in Attachment #1. Additionally, an amended FEC report has been filed disclosing the reapportionment of excess contributions.

D. The Committee takes the position that it had no legal obligation to Clyne Company. There was no settlement of debt. The Committee and Clyne Company produced a compromise settlement. The Committee is still of the opinion that it owed the Clyne Company nothing.

E. Pursuant to 2 U.S.C.439(a), Reagan for President has disposed of all contributions received after the date of nomination. This was accomplished by transferring the $85,946.47, as well as an additional $164,053.53, to the Presidential Transition Fund. See Attachment #2 for a photocopy of this check.

F. 1. The Committee has filed an amended schedule C-P line 13 disclosing the information requested with regards to Santa Monica Bank loan and the Riggs National Bank loans.

F. 2. During the FEC's audit of accounts payable, their testing indicated that debts and obligations were not properly disclosed on schedule C-P with respect to the itemization of the obligation and the liquidation thereof. However, it was noted that these debts and obligations were paid and disclosed on the appropriate expenditures schedules. Therefore, with respect to the audit staff's recommendation, as Treasurer, I state that all recognized debts and obligations have been liquidated and commencing with the next regularly scheduled disclosure report, debts and obligations will be reported as required by the Act.

G. The Committee has filed an amended schedule A-P line 18b disclosing the previously undisclosed conduits.

H. The Committee has filed an amended schedule A-P line 18b disclosing the previously undisclosed PAC transfers.

I. The Committee has filed an amended schedule A-P line 21a disclosing the previously undisclosed refunds and reimbursements.

J. No response necessary.

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K. The post-primary audit findings indicated that our cash-on-hand balances were improperly stated due to a time-lag in receipt of expenditure information from state offices. Since the time of the audit finding all state receipts and expenditures have been reported.

L. Until September of 1980, presidential campaign committees were not required to keep separate records of ground costs to press and secret service. The Committee billed the press 150% as has been the practice of a number of presidential committees in 1976 and again in 1980. In the threshold audit no mention was made by the auditors that separate records of tour expenses would be required.

Now, six months after the primary election has ended, the auditors request that the Committee supply detailed ground transportation costs to prove that no profit was made on 7 out of 26 tours. They agree, however, that the Committee did not make a profit on the other 19, apparently even taking a loss on the 19 tours. Considering that:

(1) regulations required no such details of records during that period

(2) numerous campaigns have in the past used 150% as a rule of thumb, and the Commission has never questioned the reasonableness of the practice

(3) the apparent indication that the Committee took a loss on 19 out of 27 tours

(4) the audit team has found no reason to believe that a profit has been made but has instead told the Committee to prove none has

the Committee feels the Audit Team is not justified in requesting a detailed study of tour expenses in this after-the-fact manner to prove something that seems apparent. It should be kept in mind that when the Committee agreed to supply records to the Federal Election Commission, it was done so with the understanding that the law was premised on reasonableness, otherwise it would violate the due process clause of the 5th Amendment.

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III. A. The Committee feels that in the future the Commission should attempt to share the technical rules of its organization with political committees, especially when it can affect a committee to the tune of $180,000. Reimbursement for the "excessive payments" is included.

B. The Committee takes the position that no expenditures limits have been violated and feels upon closer analysis the Commission will agree.

C. See revised NOCO statement and attached payback check. The Committee does not agree with the Audit Team's NOCO statement but has chosen to repay the Treasury at this time an amount it has determined is payable.

D. 1. See Attachment #3 for a revaluation of assets of Reagan for President. The General Election Committee will be billed accordingly.

2. a. The Committee is of the opinion that the expense of the European trips are primary expenditures. They were planned and taken prior to the date of the convention and were therefore properly paid by Reagan for President.

2. b. Concerning the $26,969.01 the Committee requests an itemization of the eight expenditures. Upon review of the invoices the Committee will make the appropriate transfer of moneys.

If there are any questions please feel free to contact me.

Sincerely,

Bay Buchanan

Bay Buchanan
Treasurer

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Reagan for President
Revised NOCO Statement
7/16/80

Assets			
Cash-on-hand 7/16/80		$3,631,509.11	
Loans to Compliance		245,000.00	
Accounts Receivable	(A)	303,933.67	
Total Assets			$4,180,442.78
Liabilities			
Accounts Payable	(B)	$1,865,594.04	
Estimated Winding Down Costs	(C)	80,000.00	
Total Liabilities			($1,945,594.04)
Net Outstanding Campaign Obligations - Surplus 7/16/80			$2,234,848.74
Surplus @ 7/16/80		$2,234,848.74	
FEC Payback %		x 33.7403%	
Payback		$ 754,044.67	

Summary of Payback Check	
Surplus Portion	$754,044.67
Excessive Matching Funds Payment	179,292.63
Matching Funds Adjustment	20,900.83
Amount of Check Enclosed	$954,238.13

12/22/80

FEDERAL ELECTION COMMISSION

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

THIS IS THE BEGINNING OF MUR # 1360

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