



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 1739

DATE FILMED 4/23/88 CAMERA NO. 4

CAMERAMAN GLC

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

3 December 1982

TO : CHARLES N. STEELE
GENERAL COUNSEL

THROUGH : B. ALLEN CLUTTER *BAC*
STAFF DIRECTOR

FROM : JOHN D. GIBSON *JDG*
ASSISTANT STAFF DIRECTOR, RAD

SUBJECT : REFERRAL OF THE LIBERAL PARTY FEDERAL CAMPAIGN
COMMITTEE

This is a referral of the Liberal Party Federal Campaign Committee ("Liberal Party"). It appears that the Liberal Party failed to allocate administrative expenses between its Federal and non-Federal accounts in 1981.*/

Additionally, the Liberal Party received funds from the Liberal Party of New York State and the New York County Liberal Party. Both committees appear to be unregistered non-Federal accounts.

These matters, according to the Review and Referral Procedures (Chart #'s 20 and 23), require further examination by your office.

If you have any questions, please call Alva E. Smith at 357-0026.

cc: Commissioners

*/ During a 2 U.S.C. 438(b) audit of the Liberal Party, it was found that the committee failed to allocate administrative expenses between its Federal and non-Federal accounts in 1980 (see A81-34).

REPORTS ANALYSIS REFERRAL

TO

OFFICE OF GENERAL COUNSEL

DATE: 3 December 1982Analyst: Alva Smith

I. COMMITTEE: Liberal Party Federal Campaign Committee
(C00121269)
James F. Notaro, Treasurer
165 West 46th Street
New York, NY 10036

II. RELEVANT STATUTE: 11 CFR 106.1(e) and 11 CFR
102.5(a)(1)(i)

III. BACKGROUND:

A. Admininstrative Expenses - 11 CFR 106.1(e)

The 1981 reports filed by the Liberal Party Federal Campaign Committee ("Liberal Party") disclosed a total of \$23,761.36 in operating expenditures, but did not itemize general administrative expenses such as rent, utilities and salaries (Attachment 2).^{1/}

Requests for Additional Information ("RFAs") for all 1981 reports were mailed on July 14, 1982 to inform the Liberal Party that administrative expenses must be allocated between the Federal and non-Federal accounts (Attachment 3).^{2/} A response was not received, and therefore, a Second Notice was mailed on August 6, 1982 (Attachment 4).

A staff member of the Reports Analysis Division ("RAD") attempted to contact the treasurer, James Notaro, on September 13, 1982; however, he was not available (Attachment 5).

^{1/} The total operating figure is based upon the 1981 April, July and October Quarterly Reports, as amended, and the 1981 Year End Report.

^{2/} The Liberal Party's 1982 July Quarterly Report itemized a disbursement of \$825 to the State Liberal Party on April 4, 1982. The purpose was listed as "Administrative Expense - 1980 (Per FEC Audit)."

In a phone conversation with a staff member of RAD on September 14, 1982, the Liberal Party's counsel, Alfred Goldfield, stated that the committee would not be able to address any Federal Election Commission issues until after the primary election held on September 23, 1982 (Attachment 6). A letter confirming that conversation was received by the Commission on September 16, 1982 (Attachment 7).

A RAD staff member phoned Mr. Goldfield on October 8, 1982, to request information on what steps might have been taken to resolve the matters noted in the RFAIs. Mr. Goldfield stated that due to his overwhelming work load caused by the Liberal Party candidate winning the primary, he would not be able to address the problems until after the general election (Attachment 8). There has been no response to date.

B. Federal and non-Federal Activity - 11 CFR 102.5(a)(1)(i)

On March 26, 1981 and October 22, 1981 the Liberal Party received a total of \$14,900 in loans from the Liberal Party of New York State ("State Liberal Party"), an apparent unregistered account maintained for non-Federal activity (Attachment 9). Additionally, the Liberal Party received a contribution of \$1,000 from the New York County Liberal Party ("County Liberal Party") on April 24, 1981 (Attachment 10). The County Liberal Party also appears to be an unregistered account maintained for non-Federal activity.

The Liberal Party's 1981 Year End Report disclosed a \$6,300 "loan repayment" on December 14, 1981, and \$8,600 "loan repayment" on December 31, 1981 to the State Liberal Party (Attachment 11).

On July 14, 1982, RFAIs were mailed requesting clarification on whether the loans and contribution were from accounts maintained by the Liberal Party for non-Federal activity (Attachment 3). A response was not received, and therefore, a Second Notice was mailed on August 6, 1982 (Attachment 4).

As noted in Part A, the Liberal Party's counsel stated that the issues could not be addressed until after the primary and general elections (Attachments 6, 7 and 8, respectively). There has been no response to date.

IV. OTHER PENDING ACTIONS INITIATED BY RAD:

There are no outstanding Requests for Additional Information or matters requiring to be referred at this time.

3 FEDERAL ELECTION COMMISSION
COMMITTEE INDEX OF DISCLOSURE DOCUMENTS - (C) (81-82)

DATE 17NOV82
PAGE 1

PARTY RELATED

COMMITTEE	DOCUMENT	RECEIPTS	EXPENDITURES	TYPE OF FILER COVERAGE DATES	# OF PAGES	MICROFILM LOCATION
LIBERAL PARTY FEDERAL CAMPAIGN COMMITTEE						
	1981 STATEMENT OF ORGANIZATION - AMENDMENT <i>REFERRED</i> APRIL QUARTERLY - AMENDMENT	14,193	15,500	6AUB81 1JAN81 - 31MAR81	1	81FEC/203/3031 82FEC/223/1062
	REQUEST FOR ADDITIONAL INFORMATION			1JAN81 - 31JAN81	2	82FEC/236/2126
	REQUEST FOR ADDITIONAL INFORMATION 2ND <i>REFERRED</i> JULY QUARTERLY - AMENDMENT	1,000	1,000	1JAN81 - 31JAR81 1APR81 - 30JUN81	7	82FEC/240/1320 82FEC/223/1079
	REQUEST FOR ADDITIONAL INFORMATION			1APR81 - 30JUN81	2	82FEC/236/2129
	REQUEST FOR ADDITIONAL INFORMATION 2ND <i>REFERRED</i> MID-YEAR REPORT OCTOBER QUARTERLY - AMENDMENT	1,000	981	1APR81 - 30JUN81 31JAN81 - 31JUL81 1JUL81 - 30SEP81	1	82FEC/240/1664 81FEC/203/3032 82FEC/223/1086
	1'ST LETTER INFORMATIONAL NOTICE <i>REFERRED</i> YEAR-END	21,475	21,200	1JUL81 - 30SEP81 1OCT81 - 31DEC81	1	82FEC/236/2135 82FEC/223/1073
	REQUEST FOR ADDITIONAL INFORMATION			1OCT81 - 31DEC81	2	82FEC/236/2132
	REQUEST FOR ADDITIONAL INFORMATION 2ND 1982 MISCELLANEOUS REPORT			1OCT81 - 31DEC81	1	82FEC/240/1665
	APRIL QUARTERLY	3,000	3,000	16SEP82 TO FEC	2	82FEC/243/2774
	JULY QUARTERLY	4,600	3,825	1JAN82 - 31MAR82	7	82FEC/229/1494
	OCTOBER QUARTERLY	0	0	1APR82 - 30JUN82	8	82FEC/238/2157
	PRE-GENERAL	0	0	1JUL82 - 30SEP82	3	82FEC/251/3115
	TOTAL	45,268	45,486	1OCT82 - 13OCT82	3	82FEC/253/4098
					84	TOTAL PAGES

All 1981 reports have received basic review.

Ending cash-on-hand as of 10/13/82: \$1,103.77

Debts owed by the committee as of 10/13/82: \$0.00

ATTACHMENT 1

APRIL QUARTERLY AMENDMENT *X3*
DETAILED SUMMARY PAGE
of Receipts and Disbursements
(Page 2, FEC FORM 3X)

Name of Committee (in Full) Liberal Party Federal Campaign Committee	Report Covering the Period From 01/01 to 03/31/81	
	COLUMN A Total This Period	COLUMN B Calendar Year to Date
I. RECEIPTS		
11. CONTRIBUTIONS (other than loans) FROM:		
(a) Individuals/Persons Other Than Political Committees	5,525.00	5,525.00
(Memo Entry Unitemized 8 _____)		
(b) Political Party Committees		
(c) Other Political Committees		
(d) TOTAL CONTRIBUTIONS (other than loans) (add 11a, 11b and 11c)	5,525.00	5,525.00
12. TRANSFERS FROM AFFILIATED/OTHER PARTY COMMITTEES		
13. ALL LOANS RECEIVED	8,600.00	8,600.00
14. LOAN REPAYMENTS RECEIVED		
15. OFFSETS TO OPERATING EXPENDITURES (Refunds, Rebates, etc.)	68.00	68.00
16. REFUNDS UP CONTRIBUTIONS MADE TO FEDERAL CANDIDATES AND OTHER POLITICAL COMMITTEES		
17. OTHER RECEIPTS (Dividends, Interest, etc.)		
18. TOTAL RECEIPTS (Add 11d, 12, 13, 14, 15, 16 and 17)	14,193.00	14,193.00
II. DISBURSEMENTS		
19. OPERATING EXPENDITURES	15,500.00	15,500.00
20. TRANSFERS TO AFFILIATED/OTHER PARTY COMMITTEES		
21. CONTRIBUTIONS TO FEDERAL CANDIDATES AND OTHER POLITICAL COMMITTEES		
22. INDEPENDENT EXPENDITURES (Use Schedule E)		
23. COORDINATED EXPENDITURES MADE BY PARTY COMMITTEES (2 U.S.C. §441(d)) (Use Schedule F)		
24. LOAN REPAYMENTS MADE		
25. LOANS MADE		
26. REFUNDS OF CONTRIBUTIONS TO		
(a) Individuals/Persons Other Than Political Committees		
(b) Political Party Committees		
(c) Other Political Committees		
(d) TOTAL CONTRIBUTION REFUNDS (add 26a, 26b and 26c)		
27. OTHER DISBURSEMENTS		
28. TOTAL DISBURSEMENTS (Add Lines 19, 20, 21, 22, 23, 24, 25, 26d and 27)	15,500.00	15,500.00
III. NET CONTRIBUTIONS AND NET OPERATING EXPENDITURES		
29. TOTAL CONTRIBUTIONS (other than loans) from Line 11d	5,525.00	5,525.00
30. TOTAL CONTRIBUTION REFUNDS from Line 26d	-0-	-0-
31. NET CONTRIBUTIONS (other than loans) (subtract Line 30 from Line 29)	5,525.00	5,525.00
32. TOTAL OPERATING EXPENDITURES from Line 19	15,500.00	15,500.00
33. OFFSETS TO OPERATING EXPENDITURES from Line 15	68.00	68.00
34. NET OPERATING EXPENDITURES (subtract Line 33 from Line 32)	15,432.00	15,432.00

JULY QUARTERLY AMENDMENT

X
DETAILED SUMMARY PAGE
of Receipts and Disbursements
(Page 2, FEC FORM 3X)

Name of Committee (in Full) Liberal Party Federal Election Campaign	Report Covering the Period From 04/01 to 06/30/81	
	COLUMN A Total This Period	COLUMN B Calendar Year to Date
II. RECEIPTS		
11 CONTRIBUTIONS (other than loans) FROM		
(a) Individuals/Persons Other Than Political Committees	5,525.00	
(Memo Entry Unauthorized E.....)		
(b) Political Party Committees	1,000.00	1,000.00
(c) Other Political Committees	1,000.00	6,525.00
(d) TOTAL CONTRIBUTIONS (other than loans)(add 11a, 11b and 11c)		
12 TRANSFERS FROM AFFILIATED/OTHER PARTY COMMITTEES		
13 ALL LOANS RECEIVED		8,600.00
14 LOAN REPAYMENTS RECEIVED		
15 OFFSETS TO OPERATING EXPENDITURES (Refunds, Rebates, etc.)		68.00
16 REFUNDS UP CONTRIBUTIONS MADE TO FEDERAL CANDIDATES AND OTHER POLITICAL COMMITTEES		
17 OTHER RECEIPTS (Dividends, Interest, etc.)		
18 TOTAL RECEIPTS (Add 11d, 12, 13, 14, 15, 16 and 17).	1,000.00	15,193.00
III. DISBURSEMENTS		
19 OPERATING EXPENDITURES	1,000.00	16,500.00
20 TRANSFERS TO AFFILIATED/OTHER PARTY COMMITTEES		
21 CONTRIBUTIONS TO FEDERAL CANDIDATES AND OTHER POLITICAL COMMITTEES		
22 INDEPENDENT EXPENDITURES (Use Schedule E)		
23 COORDINATED EXPENDITURES MADE BY PARTY COMMITTEES (2 U.S.C. §441(d)(1)) (Use Schedule F)		
24 LOAN REPAYMENTS MADE		
25 LOANS MADE		
26 REFUNDS OF CONTRIBUTIONS TO		
(a) Individuals/Persons Other Than Political Committees		
(b) Political Party Committees		
(c) Other Political Committees		
(d) TOTAL CONTRIBUTION REFUNDS (add 26a, 26b and 26c)		
27 OTHER DISBURSEMENTS		
28 TOTAL DISBURSEMENTS (Add Lines 19, 20, 21, 22, 23, 24, 25, 26d and 27)	1,000.00	16,500.00
III. NET CONTRIBUTIONS AND NET OPERATING EXPENDITURES		
29 TOTAL CONTRIBUTIONS (other than loans) from Line 11d	1,000.00	6,525.00
30 TOTAL CONTRIBUTION REFUNDS from Line 26d	-0-	-0-
31 NET CONTRIBUTIONS (other than loans) (Subtract Line 30 from Line 29)	1,000.00	6,525.00
32 TOTAL OPERATING EXPENDITURES from Line 19	1,000.00	16,500.00
33 OFFSETS TO OPERATING EXPENDITURES from Line 18	-0-	68.00
34 NET OPERATING EXPENDITURES (Subtract Line 33 from Line 32)	1,000.00	16,432.00

OCTOBER QUARTERLY AMENDMENT

DETAILED SUMMARY PAGE
of Receipts and Disbursements
(Page 2, FEC FORM 3X)

Name of Committee (or PDC) Liberal Party Federal Campaign Committee	Report Covering the Period From 07/01 To 09/30/81	
	COLUMN A Total This Period	COLUMN B Calendar Year to Date
I. RECEIPTS		
11. CONTRIBUTIONS (other than loans) FROM:		
(a) Individuals/Persons Other Than Political Committees	1,000.00	6,525.00
Name Entry Unlimted 8		
(b) Political Party Committees		
(c) Other Political Committees	-0-	1,000.00
(d) TOTAL CONTRIBUTIONS (other than loans) (add 11a, 11b and 11c)	1,000.00	7,525.00
12. TRANSFERS FROM AFFILIATED/OTHER PARTY COMMITTEES		
13. ALL LOANS RECEIVED		8,600.00
14. LOAN REPAYMENTS RECEIVED		
15. OFFSETS TO OPERATING EXPENDITURES (Refunds, Rebates, etc.)		68.00
16. REFUNDS UP CONTRIBUTIONS MADE TO FEDERAL CANDIDATES AND OTHER POLITICAL COMMITTEES		
17. OTHER RECEIPTS (Dividends, Interest, etc.)		
18. TOTAL RECEIPTS (Add 11d, 12, 13, 14, 15, 16 and 17).	1,000.00	16,193.00
II. DISBURSEMENTS		
19. OPERATING EXPENDITURES	961.36	17,461.36
20. TRANSFERS TO AFFILIATED/OTHER PARTY COMMITTEES		
21. CONTRIBUTIONS TO FEDERAL CANDIDATES AND OTHER POLITICAL COMMITTEES		
22. INDEPENDENT EXPENDITURES (Use Schedule E)		
23. COORDINATED EXPENDITURES MADE BY PARTY COMMITTEES (2 U.S.C. §441e(d)) (Use Schedule F)		
24. LOAN REPAYMENTS MADE		
25. LOANS MADE		
26. REFUNDS OF CONTRIBUTIONS TO:		
(a) Individuals/Persons Other Than Political Committees		
(b) Political Party Committees		
(c) Other Political Committees		
(d) TOTAL CONTRIBUTION REFUNDS (add 26a, 26b and 26c)		
27. OTHER DISBURSEMENTS		
28. TOTAL DISBURSEMENTS (Add Lines 19, 20, 21, 22, 23, 24, 25, 26d and 27).	961.36	17,461.36
III. NET CONTRIBUTIONS AND NET OPERATING EXPENDITURES		
29. TOTAL CONTRIBUTIONS (other than loans) from Line 11d	1,000.00	7,525.00
30. TOTAL CONTRIBUTION REFUNDS from Line 26d	-0-	-0-
31. NET CONTRIBUTIONS (other than loans) (subtract Line 30 from Line 29)	1,000.00	7,525.00
32. TOTAL OPERATING EXPENDITURES from Line 18	961.36	17,461.36
33. OFFSETS TO OPERATING EXPENDITURES from Line 15.	-0-	68.00
34. NET OPERATING EXPENDITURES (subtract Line 33 from Line 32)	961.36	17,393.36

YEAR END REPORT

DETAILED SUMMARY PAGE
of Receipts and Disbursements
(Page 2, FEC FORM 3X)

AB

Name of Committee (in Full) Liberal Party Federal Campaign Committee	Report Covering the Period From 10/01 To 12/31/81	
	COLUMN A Total This Period	COLUMN B Calendar Year-to-Date
I. RECEIPTS		
11. CONTRIBUTIONS (other than loans) FROM:		
(a) Individuals/Persons Other Than Political Committees	12,175.00	19,700.00
(Memo Entry Unitemized 8) _____		
(b) Political Party Committees		1,000.00
(c) Other Political Committees		
(d) TOTAL CONTRIBUTIONS (other than loans) (add 11a, 11b and 11c)	12,175.00	19,700.00
12. TRANSFERS FROM AFFILIATED/OTHER PARTY COMMITTEES		
13. ALL LOANS RECEIVED	9,300.00	17,900.00
14. LOAN REPAYMENTS RECEIVED		68.00
15. OFFSETS TO OPERATING EXPENDITURES (Refunds, Reserve, etc.)		
16. REFUNDS OF CONTRIBUTIONS MADE TO FEDERAL CANDIDATES AND OTHER POLITICAL COMMITTEES		
17. OTHER RECEIPTS (Dividends, Interest, etc.)		
18. TOTAL RECEIPTS (Add 11d, 12, 13, 14, 15, 16 and 17).	21,475.00	37,668.00
II. DISBURSEMENTS		
19. OPERATING EXPENDITURES	6,300.00	23,761.36
20. TRANSFERS TO AFFILIATED/OTHER PARTY COMMITTEES		
21. CONTRIBUTIONS TO FEDERAL CANDIDATES AND OTHER POLITICAL COMMITTEES		
22. INDEPENDENT EXPENDITURES (See Schedule E)		
23. COORDINATED EXPENDITURES MADE BY PARTY COMMITTEES (2 U.S.C. §6441e(d)) (See Schedule F)		
24. LOAN REPAYMENTS MADE	14,900.00	14,900.00
25. LOANS MADE		
26. REFUNDS OF CONTRIBUTIONS TO:		
(a) Individuals/Persons Other Than Political Committees		
(b) Political Party Committees		
(c) Other Political Committees		
(d) TOTAL CONTRIBUTION REFUNDS (add 26a, 26b and 26c)		
27. OTHER DISBURSEMENTS		
28. TOTAL DISBURSEMENTS (Add Lines 19, 20, 21, 22, 23, 24, 25, 26d and 27).	21,200.00	38,661.36
III. NET CONTRIBUTIONS AND NET OPERATING EXPENDITURES		
29. TOTAL CONTRIBUTIONS (other than loans) from Line 11d	12,175.00	19,700.00
30. TOTAL CONTRIBUTION REFUNDS from Line 26d	-0-	-0-
31. NET CONTRIBUTIONS (other than loans) (subtract Line 30 from Line 29)	12,175.00	19,700.00
32. TOTAL OPERATING EXPENDITURES from Line 19	6,300.00	23,761.36
33. OFFSETS TO OPERATING EXPENDITURES from Line 18	-0-	68.00
34. NET OPERATING EXPENDITURES (subtract Line 33 from Line 32)	6,300.00	23,693.36



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

July 14, 1982

James F. Notaro, Treasurer
Liberal Party Federal Campaign Committee
165 West 46th Street
New York, NY 10036

Identification Number: C00121269

Reference: April 15 Quarterly Report (1/1/81 - 1/31/81) Amendment

Dear Mr. Notaro:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Each committee utilizing separate Federal and non-Federal accounts is required to allocate any administrative expenses between the accounts in proportion to the amount of funds expended on Federal and non-Federal elections or on another reasonable basis. Administrative expenses are those day-to-day costs of operating the committee, including rent, utilities, salaries and other miscellaneous office expenses. The Federal account of the committee must pay its share of such expenses. (11 C.F.R. 106.1(e) and 102.5(a)(1)(i))

If your organization has incurred such administrative costs and your non-Federal account has paid for all such costs, your Federal account must reimburse the non-Federal account for its portion of the expenses. The amount incurred by the Federal account should be disclosed as a debt or obligation owed to the non-Federal account on Schedule D supporting Line 10 of the Summary Page. When payments are made toward the debt, they should be reported on Schedule B supporting Line 19 of the Detailed Summary Page and the debt should be reduced by a corresponding amount.

An amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need

assistance, please feel free to contact me on our toll-free number,
(800) 424-9530. My local number is (202) 357-0026.

Sincerely,



Alva Smith
Reports Analyst
Reports Analysis Division

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

July 14, 1982

James F. Notaro, Treasurer
Liberal Party Federal Campaign Committee
165 West 46th Street
New York, NY 10036

Identification Number: C00121269

Reference: July 15 Quarterly Amendment Report (4/1/81 - 6/30/81)

Dear Mr. Notaro:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Schedule A of your report discloses a receipt of \$1,000 from the "New York County Liberal Party" noted as a contribution. Please clarify whether this transfer is from an account maintained by your committee for non-Federal activity. If so, be advised that such transfer is prohibited by 11 C.F.R. 102.5(a)(1)(i) and the full amount of the transfer should be returned to the non-Federal account.

However, if this transaction represents an "internal transfer" of funds from one Federal account to another, and the source(s) of such funds has been identified in previous reports of receipts and disbursements, please note that such transfers should not be itemized as doing so inflates total receipts and cash on hand. If this is the case, please amend your report accordingly.

Although the Commission may take further legal or audit steps regarding the acceptance of funds from a non-Federal account, your prompt refund of the amount in question, or your clarification of the transaction, will be taken into consideration by the Commission.

-Each committee utilizing separate Federal and non-Federal accounts is required to allocate any administrative expenses between the accounts in proportion to the amount of funds expended on Federal and non-Federal elections or on another reasonable basis.
(11 C.F.R. 106.1(e))

An amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 357-0026.

Sincerely,

Headsmith

Alva Smith
Reports Analyst
Reports Analysis Division

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

July 14, 1982

James F. Notaro
Liberal Party Federal Campaign Committee
165 West 46th Street
New York, NY 10026

Identification Number: C00121269

Reference: Year-End Report (10/1/81 - 12/31/81)

Dear Mr. Notaro:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Each committee utilizing separate Federal and non-Federal accounts is required to allocate any administrative expenses between the accounts in proportion to the amount of funds expended on Federal and non-Federal elections or on another reasonable basis. (11 C.F.R. 106.1(e))

-Schedule A of your amended April Quarterly Report disclosed an \$8,600 loan from the Liberal Party of New York State. In addition, the Year-End Report disclosed a \$6,300 loan from the same party committee. Both loans were noted as repaid during the Year-End reporting period. Please clarify whether these loans were from an account maintained by your committee for non-Federal activity.

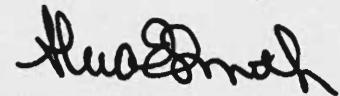
You are advised that 11 C.F.R. 102.5(a)(1)(i) prohibits the transfer of funds from a non-Federal account to a Federal account. Furthermore, only funds subject to the prohibitions and limitations of the Act may be deposited into the Federal account.

Although the Commission may take further legal or audit steps regarding the acceptance of funds from a non-Federal account, your repayment of the amount in question will be taken into consideration by the Commission.

An amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need

assistance, please feel free to contact me on our toll-free number,
(800) 424-9530. My local number is (202) 357-0026.

Sincerely,



Alva Smith
Reports Analyst
Reports Analysis Division

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

August 6, 1982

James F. Notaro, Treasurer
Liberal Party Federal Campaign Committee
165 West 46th Street
New York, NY 10036

Identification Number: C00121269

Reference: April Quarterly Amendment (1/1/81-1/31/81) and July
Quarterly Amendment (4/1/81-6/30/81) and Year End
(10/1/81-12/31/81) Reports

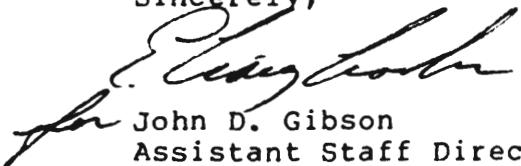
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Dear Mr. Notaro:

This letter is to inform you that as of this date, the Commission has not received your response to our requests for additional information, dated July 14, 1982. Those notices requested information essential to full public disclosure of your Federal election financial activity and to ensure compliance with provisions of the Federal Election Campaign Act (the Act). Copies of our original requests are enclosed.

If no response is received within fifteen (15) days from the date of this notice, the Commission may choose to initiate audit or legal enforcement action.

If you should have any questions related to this matter, please contact Alva Smith on our toll-free (800) 424-9530 or our local number (202) 357-0026.

Sincerely,


for John D. Gibson
Assistant Staff Director
Reports Analysis Division

Enclosures

TELECON

ANALYST Smith

initiated call? YesTELECON WITH: James F. Notaro
initiated call? _____

Candidate/Committee: Liberal Party Federal Campaign Committee

DATE: 9/13/82

SUBJECT(S): RFAIs for 1981 reports

Mr. Notaro was not in. I left a message for him to return the call.

2 3 0 4 0 7 0 0 0 6 9

TELECON

ANALYST Smith

initiated call? NO

TELECON WITH: Alfred Goldfield, Counsel
initiated call?

Candidate/Committee: Liberal Party Federal Campaign Committee

DATE: 9/14/82

SUBJECT(S): 1982 Reports

Mr. Goldfield returned the call for James Notaro.

Mr. Goldfield explained that the committee will not be able to address any FEC issues until after September 23, which is the primary. He will send a letter to that effect.

83040700070

ATTACHMENT 3

82 SEP 16 A 9:16

SAMUEL RABIN
IRVING MOLDAUER
J. DONALD TIERNEY IN. Y. & N. J.
KENNETH M. GREENFIELD IN. Y. & N. J.
COUNSEL

WALTER HERZFELD (1907-1988)
HERBERT RUBIN
BERNARD J. WALD
MICHAEL HENRY
EDWARD L. BIRNBAUM
IAN CERESNEY
ALFRED S. GOLDFIELD (N. Y. & FLA)
THEODORE NESS
FRED W. RAUSKOLS III
MYRON SHAPIRO
JOHN A. SCHULTZ
ELLIN M. MULHOLLAND
LEONARD M. POLISAR
RICHARD L. ACKERMAN (CALIF. ONLY)
SEYMOUR KAGAN (N. Y. & CALIF)
MARTIN S. FRIEDLANDER (N. Y. & CALIF)
MARTIN C. LICHT
DANIEL V. GSOVSKI

LOS ANGELES OFFICE

HERZFELD & RUBIN
1925 CENTURY PARK EAST
LOS ANGELES, CALIFORNIA 90067
TELEPHONE (213) 583-0481

FT. LAUDERDALE OFFICE
HERZFELD & RUBIN
3801 NORTH UNIVERSITY DRIVE
FT. LAUDERDALE, FLORIDA 33321
TELEPHONE (305) 742-9100

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

Attn: Ms. Alva Smith

Re: Identification No.: C00121269

Gentlemen:

I hereby confirm conversations with our office concerning the delay in providing information relative to the Liberal Party.

This is further to inform you that the Liberal Party is involved in the Primary in the State of New York, which will be held on September 23, 1982.

It is impossible at this time, as has been the case for the last month or two, for the Liberal Party to spare either personnel or time to provide the requested documentation.

We will be in communication with you as soon as possible after September 23, 1982.

Thank you very much in advance for your cooperation.

Very truly yours,

Alfred S. Goldfield

ASG:rd

TELECON

ANALYST Smith
initiated call? Yes

TELECON WITH: Alfred Goldfield
initiated call?

Candidate/Committee: Liberal Party Federal Campaign Committee

DATE: 10/8/82

SUBJECT(S): Federal and non-Federal activity, allocation of administrative expenses

I stated that according to the phone coversation on September 14, 1982, action would be taken after the primary election regarding the issues of federal and non-federal activity, and allocation of administrative expenses. Mr. Goldfield stated that as a result of the primary, the Liberal candidate won the primary, and due to his overwhelming work load, FEC matters will have to wait until after the general election.

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APRIL QUARTERLY REPORT (AMENDMENT)

SCHEDULE A

ITEMIZED RECEIPTS

Report for April 1982
Contributions Received
Summary Page

Any information copied from such Reports or Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

Name of Committee (in Full)

Liberal Party Federal Campaign Committee

A. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Liberal Party of New York State 165 West 46th Street New York, New York 10036		03/26/82	8,600.00
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation		
	Aggregate Year-to-Date-\$	8,600.00	
B. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation		
	Aggregate Year-to-Date-\$		
C. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation		
	Aggregate Year-to-Date-\$		
D. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation		
	Aggregate Year-to-Date-\$		
E. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation		
	Aggregate Year-to-Date-\$		
F. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation		
	Aggregate Year-to-Date-\$		
G. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation		
	Aggregate Year-to-Date-\$		
SUBTOTAL of Receipts This Page (optional)			8,600.00
TOTAL This Period (last page this line number only)			8,600.00

OCTOBER QUARTERLY REPORT (AMENDMENT)

SCHEDULE A

ITEMIZED RECEIPTS

Date of Report
10/31/81
Report for Period
Oct 1 - Oct 31
(Indicates Page)

<p>Any information copied from such Reports or Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes other than using the name and address of any Political Committee to solicit contributions from such committee.</p> <p>Name of Committee (in Full)</p>			
Liberal Party Federal Campaign Committee			
<p>A. Full Name, Mailing Address and ZIP Code</p> <p>Liberal Party of New York State 165 West 46th Street New York, New York 10036</p> <p>Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):</p>			
	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
		10/22/81	6,300.00
	Occupation		
	Aggregate Year-to-Date-\$	16,900.00	
<p>B. Full Name, Mailing Address and ZIP Code</p> <p>Dorothy Kaufman 330 West 28th Street New York, New York 10001</p> <p>Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):</p>			
	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
	Liberal Party		
	Occupation		
	Office Manager	12/30/81	1,000.00
	Aggregate Year-to-Date-\$	1,000.00	
<p>C. Full Name, Mailing Address and ZIP Code</p> <p>Alfred Goldfield 40 Wall Street New York, New York 10005</p> <p>Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):</p>			
	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
	Hersfeld & Rubin, P.C.	12/30/81	
	Occupation		
	Attorney		1,000.00
	Aggregate Year-to-Date-\$	1,000.00	
<p>D. Full Name, Mailing Address and ZIP Code</p> <p>Ronald Zweibel 211 Central Park West New York, New York 10024</p> <p>Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):</p>			
	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
	State of New York		
	Occupation		
	Director	12/30/81	1,000.00
	Aggregate Year-to-Date-\$	1,000.00	
<p>E. Full Name, Mailing Address and ZIP Code</p> <p>Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):</p>			
	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
	Occupation		
	Aggregate Year-to-Date-\$		
<p>F. Full Name, Mailing Address and ZIP Code</p> <p>Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):</p>			
	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
	Occupation		
	Aggregate Year-to-Date-\$		
<p>G. Full Name, Mailing Address and ZIP Code</p> <p>Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):</p>			
	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
	Occupation		
	Aggregate Year-to-Date-\$		
<p>SUBTOTAL of Receipts This Page (optional): 9,300.00</p>			
<p>TOTAL This Period (last page this line number only): 9,300.00</p>			

JULY QUARTERLY REPORT (AMENDMENT)

SCHEDULE A

ITEMIZED RECEIPTS

Any information copied from such Reports or Statements may not be sold or used by any person for the purpose of advertising, illustrations or for commercial purposes, other than using the name and address of any Political Committee to solicit contributions from such organization.

Name of Committee (in full)

Liberal Party Federal Campaign Committee

A. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
New York County Liberal Party 165 West 46th Street New York, New York 10036			<i>XP</i>
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation	04/24/81	1,000.00
	Aggregate Year-to-Date-\$		
B. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation		
	Aggregate Year-to-Date-\$		
C. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation		
	Aggregate Year-to-Date-\$		
D. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation		
	Aggregate Year-to-Date-\$		
E. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation		
	Aggregate Year-to-Date-\$		
F. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation		
	Aggregate Year-to-Date-\$		
G. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation		
	Aggregate Year-to-Date-\$		
SUBTOTAL of Receipts This Page (optional):			1,000.00
TOTAL This Period (last page this line number only):			1,000.00

YEAR END REPORT

ATTACHMENT 11

SCHEDULE B

ITEMIZED DISBURSEMENTS

24
List of Disbursements for each
Subsidiary of the Disbursed
Subsidiary Page(s)

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

Name of Committee (in Full)

Liberal Party Federal Campaign Committee

A. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Liberal Party of New York State 165 West 46th Street New York, New York 10036	Loan Repayment Disbursement for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	12/14/81 12/31/81	6,300.00 8,600.00
B. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	Date (month, day, year)	Amount of Each Disbursement This Period
C. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	Date (month, day, year)	Amount of Each Disbursement This Period
D. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	Date (month, day, year)	Amount of Each Disbursement This Period
E. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	Date (month, day, year)	Amount of Each Disbursement This Period
F. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	Date (month, day, year)	Amount of Each Disbursement This Period
G. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	Date (month, day, year)	Amount of Each Disbursement This Period
H. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	Date (month, day, year)	Amount of Each Disbursement This Period
I. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify):	Date (month, day, year)	Amount of Each Disbursement This Period
SUBTOTAL of Disbursements This Page (optional)			14,900.00
TOTAL This Period (last page this line number only)			14,900.00



RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

83 FEB 18 111: 41

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 18, 1983

MEMORANDUM

SENSITIVE

TO: The Commission

FROM: Charles N. Steele
General Counsel

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

SUBJECT: RAD Referral 82L-36 - Liberal Party Federal
Campaign Committee

The Office of General Counsel has prepared for Commission review seventeen critiques of referrals from the Reports Analysis Division.

Attached to this referral is a critique prepared by this Office, a copy of the referral from the Reports Analysis Division, and a 48-hour tally vote sheet. The OGC critique summarizes the facts, presents an analysis of the legal issues involved, and makes a recommendation as to the disposition of the referrals. The copy of the RAD referral is attached for informational purposes; and the separate vote sheet provides for a vote on this referral.

Attachments
Critique and Referral

RAD REFERRAL NUMBER: 82L-36

SUBJECT: Liberal Party (N.Y.) Federal Campaign Committee

BACKGROUND

1. Date of referral: December 3, 1982
2. Financial Background
 - a. Total 1981 Receipts: \$37,668
 - b. Total 1981 Disbursements: \$38,661
 - c. Cash on hand (10/13/82): \$1,103.77
 - d. Debts owed to the Committee: \$0
 - e. Debts owed by the Committee: \$0
3. Status of the candidate: N/A

SUMMARY OF RAD ACTIONS:

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2
A. Administrative Expenses Allocation - 11 C.F.R. § 106.1(e)
The Liberal Party Federal Campaign Committee ("the Committee") filed a 1981 report with the Commission that disclosed a total of \$23,761.36 in unitemized operating expenditures, and did not enumerate on Schedule B any usual administrative expenditures, such as rent and utilities. This raised the possibility that the Committee failed to properly itemize some of its expenditures pursuant to 2 U.S.C. § 434(b)(5)(A) and failed to allocate a sufficient amount of operating expenses to the Committee pursuant to 11 C.F.R. § 106.1(e).

On July 14, 1982, Requests for Additional Information ("RFAs") on all 1981 reports were sent to the Committee by the Reports Analysis Division ("RAD") in an attempt to clarify the nature of the reported operating expenditures, and the Committee

was informed that administrative expenses must be allocated between Federal and non-Federal accounts. A second notice was sent August 6, 1982. Staff members of RAD repeatedly have been advised by Committee counsel, since September 14, 1982, that the Committee's response to the RFAIs of July 14, 1982, would be delayed due to the time pressures resulting from the Liberal Party's successful support of the primary and general election gubernatorial candidacy of Mario Cuomo. 1/ As of January 5, 1983, no such response had been received by RAD.

B. Funds transferred from non-Federal accounts to Federal account - 11 C.F.R. § 102.5(a)(1)(i)

The April and October (1981) quarterly reports of the Committee revealed that the Committee received a total of \$14,900 from the state party (that was later repaid) 2/, and a contribution of \$1,000 from the New York County party. Both of those entities (the state party itself and the New York County local party organization) are not registered as Federal political committees.

On July 14, 1982, RAD requested that the Committee submit information to confirm or refute the non-Federal status of the state party and New York County accounts. A second request was

1/ OGC investigation of a pending but unrelated Matter Under Review involving the Committee similarly has been stalled because information requested from the Committee has not been furnished, with election pressures cited as the reason for the delay.

2/ The Committee's 1981 Year End Report disclosed "loan repayments" on December 14 and 31, 1981, totaling \$14,900, by the Committee to the state party organization.

sent August 6, 1982. Liberal Party counsel has said that, as with the issue involving allocation of administrative expenses (see supra), no response would be possible until after the November gubernatorial election. No response has been received by RAD to date.

OGC ANALYSIS:

A. Allocation of Administrative Expenses

O Title 11 of the Code of Federal Regulations, at § 106.1(e),
requires that party committees that have established Federal
campaign committees allocate administrative expenses on a
reasonable basis between their Federal and non-Federal accounts,
in proportion to the amount of funds expended on Federal and non-
Federal elections, or on another reasonable basis. The RAD RFAI
informed the Committee of the requirements of 11 C.F.R.
§ 106.1(e).

C The reporting Committee is the Federal account of the
C Liberal Party of New York State. The referral raises a possible
C violation of the requirement for proper allocation of operating
expenses and suggests that operating expenses properly
attributable to the Committee may have been impermissibly assumed
by the state party. This Office recommends that a Matter Under
Review be initiated. A subsequent investigation would seek to
determine whether the Committee's total reported operating
expenditures included all of such expenditures, albeit

unitemized, or whether the reported amount omits some expenditures that were assumed by the state party organization. 3/

C. Transfers from Non-Federal accounts to a Federal account

Title 11 of the Code of Federal Regulations, at § 102.5 (a)(1)(i), provides that a Federal account of a political committee may not receive transfers of funds from non-Federal accounts maintained by that political committee. The Committee's reports reveal transfers from the state party totaling \$14,900 in 1981. These transfers appear to have been loans by the state party to the Federal Committee, in view of the Committee's transfer to the state party, in turn, of the full \$14,900 in December, 1981, which it labelled "loan repayment" on its report. In addition, as RAD notes, the Committee accepted a contribution of \$1,000 from the New York County party organization.

While a response has not been received from the Committee, it is expected that such a response would confirm that the reported transfers were made from non-Federal accounts to a Federal account (namely, the Committee). 4/ The bulk of the

3/ During a Commission audit of the Committee, it was determined that, for 1980, administrative expenses were not properly allocated between its Federal account and the Liberal Party's non-Federal account. See A81-34. The Committee's 1982 July Quarterly Report reflected a disbursement of \$825 to the Liberal Party, and its purpose was listed as "Administrative Expense - 1980 (per FEC audit)."

4/ Based on the information we have, the Federal Campaign Committee is the only Federal committee maintained by the Liberal Party.

funds in question (\$14,900) was returned, and has been viewed as a loan by RAD. Nevertheless, the transfers also support a recommendation that a MUR be opened.

Recommendation:

Open a Matter Under Review.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) RAD Referral 82L-36
Liberal Party Federal)
Campaign Committee)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal
Election Commission, do hereby certify that on February 23,
1983, the Commission decided by a vote of 6-0 to open a
MUR with respect to the above-captioned matter.

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

Attest:

2/24/83

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

3 June 1983

MEMORANDUM

TO: CHARLES N. STEELE
GENERAL COUNSEL

ATTENTION: MAURA WHITE

THROUGH: JAMES A. PEHRKON *JP*
ACTING STAFF DIRECTOR

FROM: *SG* JOHN D. GIBSON
ASSISTANT STAFF DIRECTOR, RAD

SUBJECT: REFERRAL UPDATE ON THE LIBERAL PARTY FEDERAL
CAMPAIGN COMMITTEE - MUR 1528

To assist the Commission in its deliberation of the matters associated with the Liberal Party Federal Campaign Committee ("Liberal Party"), the following information is presented based upon a review of the Liberal Party's 1982 30 Day Post-General and Year End Reports.

As mentioned in MUR 1528, the Liberal Party disclosed a total of \$23,761.36 in unitemized operating expenditures during 1981, but failed to itemize general administrative expenses such as rent and utilities. This problem also occurred during the 30 Day Post-General Election reporting period (October 14, 1982 through November 22, 1982). A total of \$12,227.25 was disclosed in unitemized operating expenditures with no administrative expenses itemized on the supporting schedules (Attachment 1). During the Year End reporting period no disbursements were disclosed.

On March 30, 1983, a Request for Additional Information was mailed concerning the lack of operating expenditures itemized on the 30 Day Post-General Report (Attachment 2). A response was not received, and therefore a Second Notice was mailed on April 21, 1983 (Attachment 3). As of this writing, no response has been received. Since the committee is involved in an open MUR, a telephone call was not made.

If you have any questions, please contact Alva E. Smith at 357-0026.

Attachments

cc: Commissioners

REPORT OF RECEIPTS AND DISBURSEMENTS
For a Political Committee Other Than an Authorized Committee

(ATTACHMENT 1)
RECEIVED AT THE FEC
30-Day Post-General
Election Report
83 MAR 2 P 2:29

(Summary Page)

1. Name of Committee (in Full)
**Liberal Party Federal
Campaign Committee**

Address (Number and Street)

165 West 46 Street

City, State and ZIP Code

New York, N.Y. 10036

Check if address is different than previously reported.

2. FEC Identification Number
C00121269

3. This committee qualified as a multicandidate committee during this Reporting Period on _____ (date)

4. TYPE OF REPORT (check appropriate boxes)

(a) April 15 Quarterly Report
 July 15 Quarterly Report
 October 15 Quarterly Report
 January 31 Year End Report
 July 31 Mid Year Report (Non-election Year Only)
 Monthly Report for _____
 Twelfth day report preceding _____ (Type of Election)
 election on _____ in the State of _____
 Thirtieth day report following the General Election
 on Nov. 2, 1982 in the State of New York
 Termination Report

30G

(b) Is this Report an Amendment?
 YES NO

SUMMARY

5. Covering Period 10/14/82 Through 11/22/82

6. (a) Cash on Hand January 1, 1982
 (b) Cash on Hand at Beginning of Reporting Period
 (c) Total Receipts (from Line 18)
 (d) Subtotal (add lines 6(b) and 6(c) for Column A and
 lines 6(a) and 6(c) for Column B)
 7. Total Disbursements (from Line 28)
 8. Cash on Hand at Close of Reporting Period (subtract line 7 from 6(d))
 9. Debts and Obligations Owed TO the Committee
 (Itemize all on Schedule C or Schedule D)
 10. Debts and Obligations Owed BY the Committee
 (Itemize all on Schedule C or Schedule D)

Column A This Period	Column B Calendar Year-to-Date
	\$ 328.77
\$ 1,103.77	
\$ 17,560.43	\$ 25,160.43
\$ 18,664.20	\$ 25,489.20
\$ 12,477.25	\$ 19,302.25
\$ 6,186.95	\$ 6,186.95
\$ 10,000.00	

I certify that I have examined this Report and to the best of my knowledge and belief
it is true, correct and complete.

For further information, contact:

Federal Election Commission
Toll Free 800-424-9530
Local 202-523-4068

Raymond H. Phillips

Type or Print Name of Treasurer

Raymond H. Phillips

SIGNATURE OF TREASURER

Date

1/25/83

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. §437g.

All previous versions of FEC FORM 3 and FEC FORM 3a are obsolete and should no longer be used.

<i>34</i>	<i>1-3-4</i>	<i>VIV</i>	<i>✓</i>	<i>✓</i>		
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FEC FORM 3X (3/80)

**DETAILED SUMMARY PAGE
of Receipts and Disbursements
(Page 2, FEC FORM 3X)**

Name of Committee (In Full)	Report Covering the Period:		
	From: 10/14/82 To: 11/22/82	COLUMN A Total This Period	COLUMN B Calendar Year-to-Date
I. RECEIPTS			
11. CONTRIBUTIONS (other than loans) FROM:			
(a) Individuals/Persons Other Than Political Committees	6,750.00	14,350.00	
(Memo Entry Unitemized \$_____)			
(b) Political Party Committees.....			
(c) Other Political Committees			
(d) TOTAL CONTRIBUTIONS (other than loans) (add 11a, 11b and 11c)	6,750.00	14,350.00	
12. TRANSFERS FROM AFFILIATED/OTHER PARTY COMMITTEES			
13. ALL LOANS RECEIVED	10,000.00	10,000.00	
14. LOAN REPAYMENTS RECEIVED			
15. OFFSETS TO OPERATING EXPENDITURES (Refunds, Rebates, etc.)	810.43	810.43	
16. REFUNDS OF CONTRIBUTIONS MADE TO FEDERAL CANDIDATES AND OTHER POLITICAL COMMITTEES			
17. OTHER RECEIPTS (Dividends, Interest, etc.)			
18. TOTAL RECEIPTS (Add 11d, 12, 13, 14, 15, 16 and 17).	17,560.43	25,160.43	
II. DISBURSEMENTS			
19. OPERATING EXPENDITURES	12,227.25	19,052.25	
20. TRANSFERS TO AFFILIATED/OTHER PARTY COMMITTEES.....			
21. CONTRIBUTIONS TO FEDERAL CANDIDATES AND OTHER POLITICAL COMMITTEES.			
22. INDEPENDENT EXPENDITURES (Use Schedule E)			
23. COORDINATED EXPENDITURES MADE BY PARTY COMMITTEES (2 U.S.C. §441a(d)) (Use Schedule F)			
24. LOAN REPAYMENTS MADE			
25. LOANS MADE			
26. REFUNDS OF CONTRIBUTIONS TO:			
(a) Individuals/Persons Other Than Political Committees	250.00	250.00	
(b) Political Party Committees.....			
(c) Other Political Committees			
(d) TOTAL CONTRIBUTION REFUNDS (add 26a, 26b and 26c)	250.00	250.00	
27. OTHER DISBURSEMENTS.			
28. TOTAL DISBURSEMENTS (Add Lines 19, 20, 21, 22, 23, 24, 25, 26d and 27).	12,477.25	19,302.25	
III. NET CONTRIBUTIONS AND NET OPERATING EXPENDITURES			
29. TOTAL CONTRIBUTIONS (other than loans) from Line 11d	6,750.00	14,350.00	
30. TOTAL CONTRIBUTION REFUNDS from Line 26d	250.00	250.00	
31. NET CONTRIBUTIONS (other than loans) (subtract Line 30 from Line 29).....	6,500.00	14,100.00	
32. TOTAL OPERATING EXPENDITURES from Line 19	12,227.25	19,052.25	
33. OFFSETS TO OPERATING EXPENDITURES from Line 15.	810.43	810.43	
34. NET OPERATING EXPENDITURES (subtract Line 33 from Line 32)	11,416.82	18,241.82	



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

30 March 1983

Raymond H. Phillips, Treasurer
Liberal Party Federal Campaign Committee
165 West 46th Street
New York, NY 10036

Identification Number: C00121269

Reference: 30 Day Post-General Report (10/14/82-11/22/82)

Dear Mr. Phillips:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Each committee utilizing separate Federal and non-Federal accounts is required to allocate any administrative expenses between the accounts in proportion to the amount of funds expended on Federal and non-Federal elections or on another reasonable basis. Administrative expenses are those day-to-day costs of operating the committee, including rent, utilities, salaries and other miscellaneous office expenses. The Federal account of the committee must pay its share of such expenses. (11 CFR 106.1(e) and 102.5(a)(1)(i))

If your organization has incurred such administrative costs and your non-Federal account has paid for all such costs, your Federal account must reimburse the non-Federal account for its portion of the expenses. The amount incurred by the Federal account should be disclosed as a debt or obligation owed to the non-Federal account on Schedule D supporting Line 10 of the Summary Page. When payments are made toward the debt, they should be reported on Schedule B supporting Line 19 of the Detailed Summary Page and the debt should be reduced by a corresponding amount.

-Please clarify the expenditure on Schedule B for radio, advertising and printing. If these payments were on behalf of a federal candidate, please identify the candidate and properly report the expenditure as either an in-kind contribution on Schedule B, or a coordinated expenditure on Schedule F. The amounts listed on Lines 19, 21, or 23 may also have to be adjusted. (2 U.S.C. 434(b))

An amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 357-0026.

Sincerely,



Alva Smith
Reports Analyst
Reports Analysis Division

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

RQ-3

April 21, 1983

Raymond H. Phillips, Treasurer
Liberal Party Federal Campaign Committee
165 West 46th Street
New York, NY 10036

Identification Number: C00121269

Reference: 30 Day Post-General Report (10/14/82-11/22/82)

Dear Mr. Phillips:

This letter is to inform you that as of April 20, 1983, the Commission has not received your response to our request for additional information, dated March 30, 1983. That notice requested information essential to full public disclosure of your Federal election financial activity and to ensure compliance with provisions of the Federal Election Campaign Act (the Act). A copy of our original request is enclosed.

If no response is received within fifteen (15) days from the date of this notice, the Commission may choose to initiate audit or legal enforcement action.

If you should have any questions related to this matter, please contact Alva Smith on our toll-free number (800) 424-9530 or our local number (202) 357-0026.

Sincerely,

John D. Gibson
Assistant Staff Director
Reports Analysis Division

Enclosure



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

8 June 1983

MEMORANDUM

TO : CHARLES N. STEELE
GENERAL COUNSEL

ATTENTION : MAURA WHITE

THROUGH : JAMES A. PEHRKON *BS*
ACTING STAFF DIRECTOR

FROM : JOHN D. GIBSON *AS*
ASSISTANT STAFF DIRECTOR, RAD

SUBJECT : CLARIFICATION OF THE JUNE 3
LIBERAL PARTY REFERRAL UPDATE

The Reports Analysis Division forwarded a referral update to your office on June 3, 1983, concerning the Liberal Party Federal Campaign Committee (82L-36, now MUR 1528). By this memorandum, we wish to inform you that the word "unitemized" should be deleted from paragraph 2 of the aforementioned referral update. Certain operating expenditures were disclosed; however, no administrative expenses were itemized.

If you have any questions, please contact Alva E. Smith or Michael Filler at 357-0026.

CC: Commissioners

SENSITIVE

RECEIVED
OFFICE OF THE
COMMISSIONER OF THE
FEDERAL ELECTION COMMISSION

1325 K Street, N.W.
Washington, D.C. 20463

83 JUL 8 A 9: 35

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL MUR # 1528
BY OGC TO THE COMMISSION 7/8/83-9:35 **STAFF MEMBER**
Maura White

SOURCE OF MUR: **I N T E R N A L L Y G E N E R A T E D**

RESPONDENT'S NAME: **Liberal Party of New York State; New York
County Liberal Party**

RELEVANT STATUTE AND REGULATIONS: **11 C.F.R. §§ 106.1(e) and
102.5(a)(1)(i)
2 U.S.C. §§ 441b(a)**

INTERNAL REPORTS CHECKED: **Public Records**

FEDERAL AGENCIES CHECKED: **None**

GENERATION OF MATTER

The Liberal Party Federal Campaign Committee ("Committee") was referred to the Office of General Counsel on December 3, 1982, by the Reports Analysis Division for apparent violations of 11 C.F.R. §§ 106.1(e) and 102.5(a)(1)(i) (Attachment 1). On February 23, 1983, the Commission determined to open a matter under review. On June 6, 1983, a referral update from the Reports Analysis Division was received by this Office (Attachment 2).

FACTUAL AND LEGAL ANALYSIS

1. The Facts

(a) Party Structure

The Liberal Party of New York State is a state party. 1/ That state party has a non-federal account, which is unregistered as a federal political committee, and a federal account, the Liberal Party Federal Campaign Committee. The New York County Liberal Party, also unregistered as a federal political committee, was the local party committee for Manhattan (New York County). 2/

(b) Allocation of Administrative Expenses

The 1981 reports filed by the Committee disclosed a total of \$23,761.36 in operating expenditures. All of the Committee's reported operating expenditures were itemized, but these expenses did not include any general administrative costs such as rent,

1/ The Commission has ruled in the past that the Liberal Party is not a national committee of a political party, because it lacks the indicia of a national party. See AO 1976-95. The question came up again in MUR 1452 (see First General Counsel's report, dated July 28, 1982, at 4-5), in which the Commission found that the Party exceeded 2 U.S.C. § 441a(a) spending limits on behalf of John Anderson, and declined to apply 2 U.S.C. § 441a(d)(2) spending limits, because the Party still had not exhibited the characteristics of a national committee of a political party.

2/ From 1980 until 1982 the New York County Liberal Party was registered as a county committee of the Liberal Party with the New York State Board of Elections. The county committee's registration was terminated prior to 1983.

utilities, and salaries. 3/ Requests for Additional Information ("RFAIs") for all 1981 reports were mailed on July 14, 1982, to inform the Committee that administrative expenses must be allocated between federal and non-federal accounts. Responses were not received and, therefore, a second notice was mailed on August 6, 1982. A staff member of the Reports Analysis Division ("RAD") repeatedly has been advised by Committee counsel, since September 14, 1982, that the Committee's response to the RFAIs of July 14, 1982, would be delayed due to time pressures resulting from the Liberal Party's support of the primary and general election gubernatorial candidacy of Mario Cuomo. At this writing no such response has been received by RAD.

For 1982 there also appears to have been a failure to allocate administrative expenses between federal and non-federal accounts. The Committee's 1982 reports, which itemized all of its reported operating expenditures (totalling \$19,052.25), did not disclose any payments for such expenses as rent, salaries, or utilities. The referral update from RAD notes that an RFAI was mailed on March 30, 1983, concerning the omission of any general

3/ The total operating figure is based upon the 1981 April, July, and October Quarterly Reports, as amended, and the 1981 Year-End Report.

An audit of the Committee, covering the period of February 14, 1980, through December 31, 1980, was conducted pursuant to 2 U.S.C. § 438(b). During the audit it was determined that, for 1980, administrative expenses were not allocated between the federal account and non-federal account. See A81-34. The Committee's 1982 July Quarterly Report disclosed a disbursement of \$825 to the Liberal Party of New York State for "Administrative Expense - 1980 (Per FEC Audit)."

administrative expenses on the Committee's (1982) 30 Day Post-General Election Report. No response to the RFAI was received, nor was any response received to the second notice which was mailed on April 21, 1983.

(c) Non-Federal and Federal Accounts

The April Quarterly and Year-End Reports of the Committee for 1981 revealed that the Committee received a total of \$14,900 in loans from the Liberal Party of New York State (that were later repaid) 4/, and the 1981 July Quarterly Report revealed a \$1,000 contribution to the Committee from the New York County Liberal Party on April 24, 1981. 5/

On July 14, 1982, RFAIs were mailed requesting clarification as to whether the above loans and contribution were made from accounts maintained for non-federal activity. Responses were not received and a second notice was mailed on August 6, 1982. As with the above issue involving administrative expenses, the Committee's counsel has stated that no response would be possible until after November, 1982, and at this writing no response has been received by RAD.

4/ Loans in the amount of \$8,600 and \$6,300 were reported as received on March 26, 1981, and October 22, 1981, respectively. The Committee's 1981 Year-End Report disclosed loan repayments of \$6,300 and \$8,600 on December 14, 1981, and December 31, 1981, respectively.

5/ The New York County Liberal Party had the same street address as the state party organization, but there are no indications in reports to the Commission or the Commission's audit of the Committee that the New York County Liberal Party was a non-federal account of the Liberal Party.

In addition to the two loans which occurred during 1981, this office notes that the Committee's 1982 April Quarterly Report disclosed the receipt of a \$3,000 loan from the Liberal Party of New York State on January 5, 1982 (Attachment 3). The loan was reported as repaid on June 8, 1982 (Attachment 4). On January 19, 1983, an RFAI was mailed to the Committee concerning the loan, and a second letter was mailed on February 11, 1983. On February 28, 1983, the Committee responded to the requests by stating that it "inadvertantly received a loan from the Liberal Party of New York State in the amount of \$3,000," and that as soon as the loan was "discovered" repayment was made (Attachment 5).

This office further notes that the Committee's 1982 Year-End Report discloses an obligation to the Liberal Party of New York State in the amount of \$2,772 (Attachment 6). The nature of the obligation is reported as "Reimbursement for Print Ads for Campaign." This circumstance raises the question of whether a disbursement was made by the Liberal Party of New York State in connection with a federal election from other than its federal account.

2. The law applicable
(a) Allocation of Administrative Expenses

Title 11 of the Code of Federal Regulations, at § 106.1(e), requires party committees, which have established federal campaign committees, to allocate administrative expenses on a

reasonable basis between their federal and non-federal accounts in proportion to the amount of funds expended on federal and non-federal elections, or on another reasonable basis.

From the information available it appears that administrative expenses were not allocated between the Committee, which is the federal account of the Liberal Party of New York State, and the non-federal account of the Liberal Party of New York State, during both 1981 and 1982. That administrative expenses were not allocated to the Committee in the past supports a finding that such an allocation did not occur during 1981 and 1982 as well. (See fn. 3 supra.) While the administrative expenses attributable to the Committee for 1981 and 1982 may be minimal, 6/ the allocation of such administrative expenses has been continually neglected even after notification through the audit process that such allocation is required. In view of the foregoing, it is the recommendation of the General Counsel that the Commission find reason to believe that the Liberal Party of New York State violated 11 C.F.R. § 106.1(e) by failing to allocate administrative expenses between its non-federal account and its federal account, the Committee. If the subsequent investigation reveals that the amount of administrative expenses properly attributable to the Committee is very minimal, the Commission may wish at that time to take no further action with respect to the instant issue.

6/ The Committee's share of administrative expenses for 1980 amounted to only \$825. During that year its disbursements were more than three times greater than they were in 1981-1982. (The Committee's disbursements during 1980 totalled \$236,829.17 and totalled \$57,963 during 1981-1982.)

(b) Non-Federal and Federal Accounts

Title 11 of the Code of Federal Regulations, at § 102.5(a) (1)(i), provides that only funds subject to the prohibitions and limitations of the Act may be deposited into the federal account of an organization that finances activity in connection with federal and non-federal elections; that all disbursements, contributions, expenditures, and transactions by the organization in connection with any federal election shall be made from its federal account; and, that no transfers may be made to such federal account from any other accounts maintained by the organization for the purpose of financing activity in connection with non-federal elections.

As set forth at 2 U.S.C. § 441b(a), corporations and labor organizations are prohibited from making a contribution or expenditure in connection with a federal election, and political committees are prohibited from knowingly accepting or receiving any contribution from a corporation or labor organization.

Under 11 C.F.R. § 102.5(b) an organization that makes contributions or expenditures but does not qualify as a political committee under the Act shall either: (i) establish a separate account to which only funds subject to the prohibitions and limitations of the Act shall be deposited and from which contributions and expenditures shall be made, or (ii) demonstrate through a reasonable accounting method that whenever such organization makes a contribution or expenditure, that organization has received sufficient funds subject to the limitations and prohibitions of the Act to make such contribution or expenditure.

With respect to the three loans made to the Committee in 1981 and 1982 by the Liberal Party of New York State, it is the General Counsel's view that the loans constitute prohibited transfers of funds from a non-federal account to a federal account. Since New York State law permits corporate and labor union contributions, the funds transferred may contain funds prohibited by 2 U.S.C. § 441b(a). Under 11 C.F.R.

§ 102.5(a)(2) the federal account may only receive those contributions designated or expressly solicited for federal campaigns, or contributions from donors who have been informed that their contributions are subject to the Act's prohibitions and limitations. Consequently, 11 C.F.R. § 102.5(a)(1)(i) prohibits the transfer of funds from a non-federal account to a federal account. It is, therefore, the recommendation of the General Counsel that there is reason to believe the Liberal Party of New York State violated 2 U.S.C. §§ 441b(a) and 11 C.F.R. § 102.5(a)(1)(i) by transferring funds from its non-federal account to its federal account.

As to the Committee's receipt of a \$1,000 contribution from the New York County Liberal Party, it is the General Counsel's view that that contribution should not be treated as an impermissible transfer from a non-federal account to a federal account, but as a contribution to a registered committee from an unregistered committee. The New York County Liberal Party

is, as noted supra, a county committee which is unregistered as a federal political committee. While the New York County Liberal Party, as an organization which does not appear to qualify as a political committee under the Act, may contribute to a federal political committee pursuant to 11 C.F.R. § 102.5(b), the New York County Liberal Party may only contribute funds which are permissible under the Act. Since, as noted supra, New York State law permits corporate and labor union contributions, the monies contributed to the Committee may contain funds prohibited by 2 U.S.C. § 441b(a). Hence, the General Counsel recommends that the Commission find reason to believe the New York County Liberal Party violated 2 U.S.C. § 441b(a) by contributing prohibited funds to the Committee, and reason to believe the Liberal Party of New York State violated 11 C.F.R. § 102.5(a)(1)(i) and 2 U.S.C. § 441b(a) by acceptance of the contribution from the New York County Liberal Party into its federal account, the Committee.

The remaining issue centers on the Committee's obligation of \$2,772 to the Liberal Party of New York State for "print ads." From the information available it appears that the Liberal Party of New York State initially paid for the ads on behalf of the Committee and subsequently sought reimbursement from the Committee. That the Committee is obligated for the cost of the ads suggests that the ads were in connection with a federal election. In the General Counsel's view the above activity

constitutes the making of a disbursement by the Liberal Party of New York State in connection with a federal election from other than its federal account, in violation of 11 C.F.R. § 102.5(a) (1)(i). Hence, the General Counsel recommends that the Commission find reason to believe that the Liberal Party of New York State violated 11 C.F.R. § 102.5(a)(1)(i) in connection with the obligation for print ads.

RECOMMENDATIONS

1. Find reason to believe the Liberal Party of New York State violated 11 C.F.R. § 106.1(e) by failing to allocate administrative expenses between its federal account, the Liberal Party Federal Campaign Committee, and the Liberal Party's non-federal account.
2. Find reason to believe the Liberal Party of New York State violated 2 U.S.C. § 44lb(a) and 11 C.F.R. § 102.5(a)(1)(i) by impermissibly transferring funds from its non-federal account to its federal account, the Liberal Party Federal Campaign Committee.
3. Find reason to believe the Liberal Party of New York State violated 2 U.S.C. § 44lb(a) and 11 C.F.R. § 102.5(a)(1)(i) by the acceptance of a contribution from the New York County Liberal Party into its federal account, the Liberal Party Federal Campaign Committee.
4. Find reason to believe the New York County Liberal Party violated 2 U.S.C. § 44lb(a) by contributing to the Liberal Party Federal Campaign Committee.

5. Find reason to believe the Liberal Party of New York State violated 11 C.F.R. § 102.5(a)(1)(i) by making a disbursement in connection with a federal election from other than its federal account.

6. Approve the attached letters and interrogatories.

Date

July 7, 1983

Charles N. Steele
General Counsel

By:


Kenneth A. Gross
Associate General Counsel

Attachments

- 1 - Referral
- 2 - Referral Update
- 3 - 1982 April Quarterly Report
- 4 - 1982 July Quarterly Report
- 5 - Response of Committee
- 6 - 1982 Year-End Report
- 7 - Letters (2), analyses, and interrogatories

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Liberal Party of New York State
New York County Liberal Party

)
MUR 1528
)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal
Election Commission, do hereby certify that on July 12,
1983, the Commission decided by a vote of 6-0 to take the
following actions in MUR 1528:

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1. Find reason to believe the Liberal Party of New York State violated 11 C.F.R. § 106.1(e) by failing to allocate administrative expenses between its federal account, the Liberal Party Federal Campaign Committee, and the Liberal Party's non-federal account.
2. Find reason to believe the Liberal Party of New York State violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 102.5(a)(1) (i) by impermissibly transferring funds from its non-federal account to its federal account, the Liberal Party Federal Campaign Committee.
3. Find reason to believe the Liberal Party of New York State violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 102.5(a)(1)(i) by the acceptance of a contribution from the New York County Liberal Party into its federal account, the Liberal Party Federal Campaign Committee.

(Continued)

4. Find reason to believe the New York County Liberal Party violated 2 U.S.C. § 441b(a) by contributing to the Liberal Party Federal Campaign Committee.

5. Find reason to believe the Liberal Party of New York State violated 11 C.F.R. § 102.5(a)(1)(i) by making a disbursement in connection with a federal election from other than its federal account.

6. Approve the letters and interrogatories as attached to the First General Counsel's Report dated July 8, 1983.

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

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Attest:

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7-12-83

Date

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Marjorie W. Emmons

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Marjorie W. Emmons
Secretary of the Commission



**FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463**

July 15, 1983

Raymond H. Phillips, Treasurer
Liberal Party of New York State
165 West 46th Street
New York, New York 10036

Re: MUR 1528

Dear Mr. Phillips:

On July 12, 1983, the Federal Election Commission determined that there is reason to believe that the Liberal Party of New York State violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and 11 C.F.R. §§ 106.1(e) and 102.5(a)(1)(i). 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 the Liberal Party of New York State. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter.

In the absence of any additional information which demonstrates that no further action should be taken against the Liberal Party of New York State, the Commission may find probable cause to believe that a violation has occurred and proceed with 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 desire. See 11 C.F.R. § 111.18(d).

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.

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.

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,

Danny L. McDonald
Danny L. McDonald,
Chairman

Enclosures

General Counsel's Factual and Legal Analysis
Procedures
Designation of Counsel Statement



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 15, 1983

New York County Liberal Party
165 West 46th Street
New York, New York 10036

Re: MUR 1528

Dear Sir or Madam:

On July 12, 1983, the Federal Election Commission determined that there is reason to believe that the New York County Liberal Party violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). 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 the New York County Liberal Party. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Enclosed are interrogatories which are to be submitted, under oath, within ten days of your receipt of this notification.

In the absence of any additional information which demonstrates that no further action should be taken against the New York County Liberal Party, the Commission may find probable cause to believe that a violation has occurred and proceed with 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 desire. See 11 C.F.R. § 111.18(d).

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,

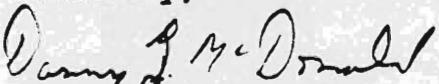
Letter to New York County Liberal Party
Page 2

and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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.

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,



Danny L. McDonald,
Chairman

Enclosures

General Counsel's Factual and Legal Analysis
Procedures
Designation of Counsel Statement
Interrogatories

23040700107

INTERROGATORIES TO:

New York County Liberal Party

For purposes of these interrogatories the New York County Liberal Party will be referred to as "NYCLP."

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1. a. State whether, during 1981, the NYCLP maintained a separate account into which only funds subject to the prohibitions and limitations of the Federal Election Campaign Act of 1971, as amended ("the Act") were deposited.
b. If the answer to question 1a is yes, state whether the NYCLP's \$1,000 contribution to the Liberal Party Federal Campaign Committee (which was received by the Liberal Party Federal Campaign Committee on April 24, 1981) was made from this separate account.
c. If the answer to question 1a is yes, state whether the NYCLP has kept records of deposits to and disbursements from this account, and the years for which such records currently exist.
2. a. State whether at the time of its \$1,000 contribution to the Liberal Party Federal Campaign Committee (which was received by the Liberal Party Federal Campaign Committee on April 24, 1981) the NYCLP had received sufficient funds subject to the limitations and prohibitions of the Act to make the contribution.
b. If the answer to question 2a is yes, describe the accounting methods utilized by the NYCLP during 1981 which demonstrate that the NYCLP had sufficient funds subject to the limitations and prohibitions of the Act when it made the contribution to the Liberal Party Federal Campaign Committee during 1981.
c. If the answer to question 2a is yes, state whether the NYCLP has kept records of amounts received or expended for the purpose of influencing any election for federal office, and the years for which such records currently exist.



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 1, 1983

Patrick W. Giagnacova
Associate Executive Director
Liberal Party of New York State
1560 Broadway
New York, New York 10036

RE: MUR 1528

Dear Mr. Giagnacova:

Pursuant to your telephone conversation of August 17, 1983, with Maura White of my staff, enclosed please find a copy of the notification of the Commission's reason to believe findings in the above-captioned matter, which was mailed to the Liberal Party of New York State on July 15, 1983.

In the course of your conversation with Ms. White you stated that the Liberal Party of New York State has not yet responded to the notification because all such "accounting" matters have been put aside for the time being and because Raymond Phillips had resigned as treasurer. As Ms. White explained to you, the response of the Liberal Party of New York State was due within 15 days of receipt of the notification and is, therefore, overdue at this time. You stated to Ms. White that upon receipt of a copy of the notification you will see to it that a response is submitted. Please be advised that if a response is not submitted within ten days of your receipt of this letter, the General Counsel will recommend that further action be taken against the Liberal Party of New York State.

If you have any questions please contact me at (202) 523-4166.

Sincerely,

Lois G. Lerner
Assistant General Counsel

Enclosure



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 8, 1983

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Michael Van Blake
County Secretary
New York County Liberal Party
1560 Broadway
New York, New York 10036

RE: MUR 1528

Dear Mr. Van Blake:

By letter dated July 15, 1983, your organization was notified that the Federal Election Commission determined that there is reason to believe that the New York County Liberal Party violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended. A copy of the notification is attached for your information.

As part of the notification you were asked to answer interrogatories, under oath, and to submit your answers to the Commission within 10 days of your receipt of the notification. Your response to the interrogatories is now past due. Please be advised that if a response is not submitted within 10 days of your receipt of this letter, this Office will recommend that further action be taken against the New York County Liberal Party.

If you have any questions please contact Lois G. Lerner, Assistant General Counsel at (202) 523-4166.

Sincerely,

Charles N. Steele
General Counsel

By: *Charles N. Steele*
Kenneth A. Gross
Associate General Counsel

Enclosure

BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED
OFFICE OF THE
COMMISSIONER SECRETARY

In the Matter of)
Liberal Party of New York State;)
New York County Liberal Party)

MUR 1528

83 SEP 14 A 9: 53

SENSITIVE

COMPREHENSIVE INVESTIGATIVE REPORT # 1

On July 12, 1983, the Commission determined that there is reason to believe the Liberal Party of New York State violated 2 U.S.C. § 44lb(a) and 11 C.F.R. §§ 102.5(a)(1)(i) and 106.1(e), and also determined that there is reason to believe the New York County Liberal Party violated 2 U.S.C. § 44lb(a). On July 15, 1983, notification letters were mailed to the Liberal Party of New York State and the New York County Liberal Party.

Interrogatories accompanied the notification letter to the New York County Liberal Party.

Staff of the Office of General Counsel contacted the Liberal Party of New York State by telephone on August 17, 1983, because as of that date this office had not received a response to the reason to believe findings from either respondent in this matter. After being informed of the resignation of the Liberal Party's treasurer, staff of this office spoke with the Liberal Party's Associate Executive Director. The Associate Executive Director stated that he had no knowledge of the existence of the instant matter but was aware that all such "accounting" matters had been put aside by the Liberal Party for the time being. The Associate Executive Director agreed to see to it that a response was

submitted and requested a copy of the notification letter mailed to the Liberal Party on July 15, 1983. On September 1, 1983, a copy of the notification letter was mailed to the Associate Executive Director. The letter advised the Associate Executive Director that if no response is submitted within ten days of receipt the Office of General Counsel will recommend that further action be taken against the Liberal Party of New York State.

As to the New York County Liberal Party, staff of this office attempted unsuccessfully to contact the county secretary on several occasions by telephone concerning the county committee's failure to respond to the reason to believe finding and accompanying interrogatories. On September 8, 1983, a letter was mailed to the county committee which stated that its response is past due and that if a response is not submitted within ten days of receipt of the letter the Office of General Counsel will recommend that further action be taken against the county committee.

Subsequent to receipt of the respondents' replies to the reason to believe findings, this office will make further recommendations to the Commission. In the event the respondents

fail to submit responses promptly this office will also make a further report to the Commission.

Charles N. Steele
General Counsel

Sept 13, 1983
Date

By:


Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE
FROM: MARJORIE W. EMMONS /JAN SAVAGE *AS*
DATE: SEPTEMBER 15, 1983
SUBJECT: COMMENTS RE: MUR 1528 Comprehensive Investigative Report #1 signed Sept. 13, 1983

Attached is a copy of Commissioner Reiche's vote sheet with comments regarding MUR 1528.

7 9 0 4 0 7 0 0 1 1 4

ATTACHMENT:
Copy of Vote Sheet



24-HOUR NO-OBJECTION MATTER

FEDERAL ELECTION COMMISSION

WASHINGTON, D C 20463

83 SEP 15 A 9: 41

SENSITIVE

DATE & TIME OF TRANSMITTAL WEDNESDAY, 9-14-83, 4:00

COMMISSIONER McGARRY, AIKENS, McDONALD, ELLIOTT, REICHE, HARRIS

RETURN TO OFFICE OF COMMISSION SECRETARY BY: THURSDAY, SEPTEMBER 15, 1983, 4:00

SUBJECT: MUR 1528 **Comprehensive Investigative Report #1**
signed September 13, 1983

I object to the attached report.

COMMENTS: This has been lingering long enough.

Date 9/14/83

Signature Frank P. Reiche

OBJECTIONS, SIGNED AND DATED, MUST BE RECEIVED IN THE COMMISSION SECRETARY'S OFFICE NO LATER THAN THE DATE AND TIME SHOWN ABOVE OR THE MATTER WILL BE DEEMED APPROVED. PLEASE RETURN ONLY THE VOTE SHEET TO THE SECRETARY.



FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

MEMORANDUM TO: CHARLES N. STEELE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JODY C. RANSOM *gcr*

DATE: SEPTEMBER 16, 1983

SUBJECT: MUR 1528 - Comprehensive Investigative
Report #1 signed September 13, 1983

The above-named document was circulated to the
Commission on a 24 hour no-objection basis at 4:00,
September 14, 1983.

There were no objections to the Comprehensive
Investigative Report at the time of the deadline.

LIBERAL PARTY

OF NEW YORK STATE

RECEIVED AT THE FEC

8/27/787

83 SEP 12 10 22

3 SEP 13 AM 14

STATE CHAIRMAN
Donald S. Harrington

FIRST VICE-CHAIRMAN
Nicholas Gyory

VICE-CHAIRMEN
Raymond B. Harding
Bernice Benedick
Sylvia Bloom
Gerald R. Coleman
Herbert Dicker
Morton Greenspan
Allen Kifer
Joseph Kozyra
Victor A. Lord
Donna J. Luh
Stephen Mahler
Benjamin F. McLaurin
Allen Miller
William R. Miller, Jr.
Edward A. Morrison
Mildred E. Portnoy
James Sansone
Henry J. Stern

TREASURER
Raymond H. Phillips

ASSISTANT SECRETARY
Dorrit Wohl

ASSISTANT EXECUTIVE DIRECTOR
Carl F. Grillo

ASSOCIATE EXECUTIVE DIRECTOR
Patrick W. Giagnacova

SECRETARY AND EXECUTIVE DIRECTOR
James F. Notaro

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

Attention: Lois G. Lerner

Re: Liberal Party Federal Election
Campaign Committee - MUR 1528

Dear Ms. Lerner,

In response to your letter of September 1, received September 7, with the dispatch acknowledged in our telephone conversation on MUR 1528.

This response letter will address only questions relating to calendar year 1981 on research I have completed.

On questions relating to calendar year 1982 I have begun a review and will report upon completion.

1. Re: 1981 Administrative expense question please see; 1981 Year End Report, on file with your agency; note, memo entry "exempt accounting services of Alan A. Bailey". Said entry would cover the general administrative cost for 1981. Mr. Bailey performed his duties from his location and should conclude this question.
2. Re 1981 contribution of \$1000.00 from New York County Liberal Party on April 24, 1981. A review of the books of the New York County Liberal Party reveals contributions from only non-corporate and non-union contributions. Listed in sequence of deposit are contributions of

\$500 - 10/2/80 - from Leon Bouges, State Senator
500 - 10/10/80 - from Ted Weiss for Congress
500 - 12/24/80 - from Friends of Dick Gettfried
500 - 2/17/81 - from Committee to Re-elect Charles Rangel

(continued)

None of the contributors to New York County Liberal Party are "prohibited" contributors hence no "tainted" funds exist in the New York County account; none were contributed wrongly to the Liberal Party Federal Campaign Committee.

3. Re 1981 Loans of

- a.) \$8600.00 on March 26, 1981
- b.) \$6300.00 on October 22, 1981

The loans were made from the Liberal Party of New York State's main operations account. The amounts were considered loans and were repaid as you have noted.

a.) the \$8600.00 loan of March 26, 1981 were of funds which would meet the requirements and prohibition of the FEC ostensibly, namely receipts to the Liberal Party in the aggregate of \$10,400.00 prior to the loan less than \$2000.00 could be objected to as "federally prohibited" but the loan proceeds amount was clearly from amounts not prohibited.
(Information from review of Spring 1981 Liberal Party Receipt Book available for review.)

b.) The \$6300.00 loan of October 22, 1981 was drawn similarly from receipts to the Liberal Party totaling some \$85,850.00 of which some 10% could be objected to as "federally prohibited" but again the loan amount was clearly from proceeds amounts not prohibited (information from review of "Liberal Party Receipt Ledger October 1981" to October 22 available for review).

As you can see in our 1981 reports and our current review each transaction was clearly stated. Totally absent an interest to mask, fraud, or not disclose the committees activity.

Please advise us as to additional information you may require on calendar 1981 and advise us on procedures to conclude this matter under review.

We will proceed on calendar 1982 matters with all dispatch under separate cover.

Sincerely,

Patrick W. Giagnacova

September 8, 1983

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

Dear Ms. Lerner,

Please provide us with any F.E.C. Guidelines developed in response to "Brown vs. Socialists Workers '74 Campaign Committee".

As a result of an ongoing government investigation, there is a resonable probability that the further compelled disclosure of Liberal Party contributor's names will subject them to threats, and reprisals from either government officials or private parties.

I seek your assistance in exploring a manner to prevent this from going to suit. See enclosures which highlight the problem.

Sincerely,



Patrick W. Giagnacova
Liberal Party
1560 Broadway
New York, NY 10036

8 3 0 4 0 7 0 0 1 1 9

8583 PJK

INDICATED 4

16

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"Buffalo Bill," whom
has already been re-

"Goodnight, son....

LIBERALS DECLARE LEGAL WAR ON SIC

By FREDRIC DICKER & LARRY NATHANSON
ALBANY — Top Liberal Party officials have filed an explosive federal court suit seeking to stop the State Investigations Commission from probing the party's bitter internal struggle.

The suit charges the SIC with harassment, humiliation, political vendettas, and Star Chamber-like proceedings and includes these

explosive specific allegations:

- That a Catholic priest working for the state was harassed by an SIC investigator, who wanted to know how the priest could "square his political beliefs with membership in the Liberal Party."

- That a top state official, Civil Service Commissioner Josephine Gambino, was humiliated by an SIC investiga-

tor, who "staked out" her Queens home and then confronted, harassed, and humiliated her in front of her children.

- That fired SIC chairwoman Lola Lea "conspired" with former Liberal Party leader Ray Harding and other Harding allies to launch the SIC probe.

The suit, charging the SIC with violating the Civil Rights of Liberal Party members, was

quietly argued earlier this week in the U.S. District Court in Brooklyn.

But Judge Joseph McLaughlin refused to issue a temporary restraining order cutting off the SIC probe.

However, angry party forces, led by Chairman Donald Harrington, are expected to appeal that decision as early as today.

The SIC is seeking to determine whether a lit-

ter internal Liberal Party dispute which broke out in December spilled over into an illegal patronage squabble involving Cuomo Administration appointments.

Harding claims that some of his Liberal allies were illegally threatened with the loss of their state jobs by forces close to Harrington and James Notaro, the party's executive director.

Ironically, the new fed-

eral court suit charges that Harding threatened Liberals on the state payroll who didn't side with him.

Last month, Gov. Cuomo fired Lola Lea in a massive shakeup of the SIC, which the governor wants eliminated.

Gambino, in a sworn statement submitted to the court, says she arrived at her Queens home late last month to find an SIC investigator

waiting outside.

"He proceeded to grime before my son a daughter-in-law abd my political association and beliefs..

"I never realized th my private views we subject to government scrutiny and that a sta agency is some mode day Star Chamber proceeding," Gambino said.

Attempts to reach the SIC for comment were unsuccessful.

Tiger Cubs Make Their Debut at the Bronx Zoo

Indy, a Siberian tiger, alone with her 8-week-old son and daughter before the youngsters went on public display for the first time yesterday at the Bronx Zoo. Visitors to

the park's Wild Asia exhibit, the tigers' new home, will have the opportunity this summer to suggest names for the tiger cubs, which were born at the zoo on May 4.

Liberal Says Party Dispute Led to Job Threats

By SELWYN RAAB

A Liberal Party official said yesterday that about 15 party members told him they had been threatened with dismissal from their state jobs unless they switched votes in a party leadership battle.

The official, Raymond B. Harding, said he had supplied the names of the employees — most of whom were members of the party's state committee — to the State Commission of Investigation.

Mr. Harding, who is one of 19 party vice chairmen, was replaced as unofficial party leader this year in the leadership dispute. He said the employees contended that the job threats had been made earlier this year by other party members who also held state positions. He said he believed that the committee members who had been threatened had supported his faction.

Mr. Harding said in an interview that one of the employees had secretly recorded a telephone conversation in which the threats were made. The

recording, he said, has been turned over to the investigation agency.

Inquiry Started Last April

Lola S. Lea, the outgoing chairman of the commission, and Thomas P. Staff, the agency's chief counsel, yesterday declined to discuss the inquiry. But other officials and investigators, who asked for anonymity, said that the investigation began last April and that more than 20 state employees and Liberal Party officials had been questioned.

James Notaro, a leader of a group that displaced Mr. Harding and now the party's secretary and executive director, said five or six party members told him they had been questioned by the commission. He said he knew of no "pressure or threats" against party

members. The commission inquiry, he said, has been "instigated by Harding in an attempt to become the boss of the Liberal Party."

Commission investigators said the inquiry was begun after the agency had been informed by the former State Superintendent of Insurance, Albert B. Lewis, that some state employees had complained about being pressured. Mr. Lewis denied yesterday that he made any "complaint" or "report" to the commission.

LOTTERY NUMBERS

July 15, 1983

New York Numbers — 076
 New York Win 4 — 9295
 New Jersey Pick-It — 029
 New Jersey Pick 4 — 3057
 Connecticut Daily — 194
 Connecticut Play 4 — 3920

I am visible in many areas to take on. I believe the creation of Mr. Anderson. I plan to move down the investigation. I elect

NY TIMES SAT. 7/16/83

Statements From Governor and Senator Anderson

Special to The New York Times

ALBANY, July 14 — Following are statements by the majority leader of the State Senate, Warren M. Anderson, a Republican of Binghamton, and Governor Cuomo on Mr. Cuomo's appointments to the agency formally known as the State Commission of Investigation:

By Mr. Anderson

The State Investigation Commission was created during the administration of Gov. Averell Harriman, a Democrat. The concept was to maintain precise balance politically and also a precise balance between the executive and legislative branches to assure equal input and objectivity in the undertakings of the investigatory body.

This was easily managed because both houses of the Legislature were controlled by the Republican Party — so that the Governor was given two appointments and the legislative leaders (Speaker Oswald D. Bock and Senate majority leader Walter J. Mahoney) were given one appointment apiece.

Unfortunately, no one conceived at the time that the Legislature would not remain forever in Republican hands. But time passed and we found ourselves with a Democratic Governor (Hugh Carey) and a Democratic Speaker (first Stanley Stein gut, then Stanley Fink) and a Republican Senate majority leader — creating an obvious imbalance in appointments.

Ultimately, Hugh Carey agreed to correct the imbalance by permitting Republicans to designate one of his



The New York Times
Governor Cuomo

two appointees, provided that the person would be satisfactory also to him. It was not contemplated that the Governor would simply choose a Republican of his own liking, a nominal Republican as it were, but that he would permit the Senate majority leader to recommend and/or pass judgment on "a Republican Republican" to take up one of the Governor's two appointments.

It was in this manner that former Senator Bernard C. Smith was recommended by the Senate majority leader to be one of the Governor's appointees. It was obvious that Senator Smith

was superbly well-qualified, having served brilliantly as District Attorney in Suffolk County before entering the Senate and having compiled an outstanding record of service in the Senate. He was thoroughly acceptable to Governor Carey and so was appointed.

Commissioner Smith continued his service until his abrupt replacement by Governor Cuomo on July 13, without any prior consultation whatsoever with the Republican Party or with the Senate majority leader.

While it could be argued that one governor need not necessarily be bound by the agreements of his predecessor (albeit of the same political party), the established precepts for conduct of political affairs mandates prior consultation with the opposite party in circumstances where political balance on a sensitive investigatory agency is an essential element of its creation and history.

To ignore such political considerations betrays either an insensitivity to the unwritten rules of political conduct or an incomplete grasp of the political sciences. In either instance such conduct cannot be allowed to go unchallenged, if for no other reason than it would set a grievous precedent. The Republican Party of the state — the Republican majority of the Senate — will not be treated as a doormat by any governor.

By Mr. Cuomo

I'm sure that Senator Anderson and I seek the same objective — the most capable, honest and effective S.I.C. possible.

I appreciate Senator Anderson's

written attempt to explain his comments of yesterday. He offered me the explanation on the telephone earlier today.

Senator Anderson indicates that the law creating the S.I.C. requires "balance" between parties and between the Legislature and the executive. With the appointment of two distinguished former United States Attorneys, David Trager and Edward Korman, one a Republican and one a Democrat, one appointed by President Nixon, one appointed by President Carter, we achieved perfect balance on both scores. There will be two Democrats and two Republicans: There will be two legislative selections and two executive selections.

Senator Anderson's real complaint is that he thought that he had changed the statute by private "agreement" between him and my predecessor.

He says that by virtue of that private arrangement only a Republican known personally to him and deemed sufficiently partisan by the State Republican Party could be selected by a Governor.

I was aware of no such agreement. I have made no such agreement. I have no such understanding. I have applied the law as it is written. I have added two of the most extraordinarily well-qualified, objective and credible individuals ever appointed to the S.I.C. and even Senator Anderson does not question that.

I will continue to discuss the matter with Senator Anderson, confident that it will be satisfactorily resolved, as have so many even more difficult differences of opinion over the last six months.

Role of Minor Parties

'82 Campaign in New York Is Viewed As Critical to the Future of 3 of Them

P. B2

With their state candidates having been selected at tidy, leader-dominated state committee meetings, the three minor parties in New York are now confronted with election campaigns that are especially critical to their futures.

Two of them, the Right to Life and Liberal Parties, are fighting to reassert their political influence and perhaps stave off extinction. The third, the

Conservative Party, is in a position to be a significant influence in the election of a governor — the most important state office to a political party in terms of patronage and access to contributors.

Each of the minor parties is in a different position than it has been in recent elections.

The Conservatives, who simply endorsed the Republican candidate for governor in the last two elections, are bidding to force their choice upon the Republicans.

BY FRANK LYNN

The Liberals are hoping to reverse that trend with the gubernatorial nomination of Lt. Gov. Mario M. Cuomo, who will also be facing the Democrat's designated candidate, Mayor Koch, in the Democratic primary.

Whatever the outcome of the Democratic primary, the Liberals, on the surface, have much to gain and little to lose. If Mr. Cuomo loses the primary and runs only on the Liberal line, as he did in the 1977 mayoral race against Mr. Koch, he could run up a large vote. Although he lost in 1977, he actually ran far ahead of the Republican candidate, State Senator Roy M. Goodman.

If Mr. Cuomo wins the Democratic primary, he will be the favorite in the general election. In that case, the Liberals would be in a position comparable to that of the Conservatives if Mr. Lehrman wins the Republicans primary — a major factor in the candidate's success.

If Mr. Koch becomes governor, however, the Liberals can expect not only to be shut out of Albany patronage — as they have been shut out of City Hall for the last five years — but also to be confronted with legislation that could threaten their existence.

The Mayor has been described by aides as "personally affronted" not so much by the Liberals' failure to endorse him as by the harsh — and, Koch aides felt, gratuitous — criticism that included allegations of insensitivity to minority groups.

Landlubber Portraits

Koch aides said they were already compiling lists of Liberals on the city and state payrolls for future purges. The aides also said they were preparing possible legislation to ban multiparty endorsements and force the minor parties to run their own candidate.

The Right to Life Party achieved official status and fourth place on the ballot because of its fourth-place showing in the 1978 gubernatorial election.

There has been some backlash against the party among some politicians, who, supported by at least one poll, have contended that its endorsement hurts more than it helps. The party has reacted with its own study that found the party line worth 2 to 3 percent for any candidate, enough to make the difference in a close election.

The party tends to go its own way in statewide elections — as it is doing this year with its gubernatorial candidate, Robert J. Bohner — but it does endorse major party legislative candidates.

What it has to prove this year is that its endorsement provides the margin of victory for at least some legislators. Otherwise, it also faces a bleak future in which it can be safely ignored by the major parties.

If Mr. Lehrman wins the primary and then the general election, the Conservatives, who have been increasingly successful in recent elections, will be in the most powerful position in their 20-year history. It would be comparable to the role the Liberals played until they were left in the political backwaters by the state electorate's shift to the right and by the liberal New Democratic Coalition's growing and competing influence within the Democratic Party.

The Liberals' hard times can be measured by two developments — the drop to fifth place on the ballot, behind even the new and narrowly based Right to Life Party, and the halving of their enrollment over the last eight years, from 130,000, to 65,000. The Conservative enrollment in the same period has been relatively stable at about 106,000.

NEW YORK TIMES
Wednesday,
July 21, 1982

Liberal Party sues Koch; claims he has 'enemies list'

By ANEMONA HARTCOLLIS
Advance City Hall Bureau

The Liberal Party filed a federal court suit yesterday charging that Mayor Edward I. Koch has threatened to dismiss government employees who are members of the party, a felony violation of the state Election Law.

Pearse M. O'Callaghan, a Stapleton resident and Liberal County Chairman until he was appointed director of the state Division of Cemeteries, is one of three plaintiffs named in the complaint, filed in Manhattan Federal Court.

Raymond B. Harding, vice chairman and chief strategist of the Liberal Party, said the suit stemmed from a July 21 newspaper article. According to the article, unnamed Koch aides said they were compiling lists of Liberals on the city and state payrolls "for future purges."

"His attack on our members constitutes a brazen return of bossism in New York," Harding said, referring to the mayor, who also is a candidate for governor.

Koch, in a statement issued through his campaign office, called the lawsuit "a frivolous action." "I have never hired or fired a person based on their political affiliation," Koch said. "I know it's hard for the Liberal Party to accept that, because patronage for them has always

been a way of life."

The Liberal Party has endorsed Lt. Gov. Mario M. Cuomo, Koch's rival in the Sept. 23 Democratic primary election for governor.

Koch said the lawsuit was a sign of "desperation," a word he has often used to describe Cuomo's campaign tactics. But Gene Spagnoli, a spokesman for Cuomo, said the action was "strictly a Liberal Party lawsuit." "We really know nothing about it," he said.

Harding, at a news conference in the party's mid-Manhattan headquarters, said the three named plaintiffs had not been personally threatened with the loss of their jobs. He declined to identify any public employees who had been specifically threatened, saying "evidentiary" material would come out in court. He said he did not know how many of the party's 65,000 members held government jobs.

Koch sought the Liberal endorsement early in his gubernatorial candidacy. But he had clashed repeatedly with the Liberal state chairman, the Rev. Donald S. Harrington, and the party's choice of Cuomo was expected.

"Having been rejected he now seeks the governorship with an 'enemies list' already in hand," Harding said. "He likes to pick on

those who can't fight back."

The lawsuit charges Koch with violating the civil rights of party members under the First and 14th Amendments and with violating section 17-158 of the state Election Law, entitled Corrupt Use of Position or Authority.

It asks the court to enjoin Koch "from taking any action to coerce, intimidate or otherwise interfere with" the constitutional rights of Liberals to free speech, expression and association.

It requests a court order "requiring the continued employment" of Liberals in state and local governments. And it seeks \$1 million in compensatory damages and \$10 million in punitive damages, to be awarded to the party under the Election Law.

Republicans' slogan is used against them

By JEAN HELLER
Advance Washington Bureau

TOLEDO, Ohio — "Just ask yourself if you're as well off today as you were four years ago."

That slogan, repeated time after time by Republicans during

George McGovern in 1972 and was carried narrowly by Carter in 1980.

However, Weber, a highly respected, successful lawyer, whipped Ashley by 56 percent to 40 percent of the vote.

GRA
OPE



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

26 June 1984

MEMORANDUM

TO: CHARLES N. STEELE
GENERAL COUNSEL
BS/BS

THROUGH: JOHN C. SURINA
STAFF DIRECTOR

FROM: JOHN D. GIBSON
ASSISTANT STAFF DIRECTOR
REPORTS ANALYSIS DIVISION

SUBJECT: REFERRAL OF THE LIBERAL PARTY FEDERAL CAMPAIGN
COMMITTEE

This a referral of the Liberal Party Federal Campaign Committee ("Liberal Party"). The Liberal Party has failed to file the 1984 April Quarterly Report within thirty (30) calendar days from the date of the Non-Filer Notice. The report has not been received. According to the RAD Review and Referral Procedures for Unauthorized Committees (Standard 3), further examination is required by your office.

For your information, the Liberal Party was referred for a possible 2 U.S.C. 438(b) audit on November 8, 1983 (see A83-118). The Commission approved an audit on November 29, 1983.

In addition, the committee did not file the 1983 Mid-Year Report until September 19, 1983. The question of whether or not this committee should receive a Chronic Late Filer Warning Notice is being discussed with your office.

If you have any questions, please contact Pamela Brown at 523-4048.

Attachment

REPORTS ANALYSIS REFERRAL

TO

OFFICE OF GENERAL COUNSEL

DATE: 26 June 1984ANALYST: Pamela Brown

1 2 6
0 0 1 2 6
I. COMMITTEE: Liberal Party Federal Campaign Committee*/
(C00121269)
Raymond H. Phillips, Treasurer
165 West 46th Street
New York, NY 10036

II. RELEVANT STATUTE: 2 U.S.C. 434(a)(4)(A)(i)
11 CFR 104.5(c)(1)(i)(A)

III. BACKGROUND:

Failure to File the 1984 April Quarterly Report

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0 0 1 2 6
The Liberal Party Federal Campaign Committee ("Liberal Party") failed to file the 1984 April Quarterly Report by April 15, 1984. The Liberal Party was sent prior notice on March 22, 1984 (Attachment 2).

0 0 1 2 6
0 0 1 2 6
A Non-Filer Notice was mailed on May 8, 1984 (Attachment 3). The analyst in the Reports Analysis Division attempted to contact the Liberal Party's acting treasurer by phone on June 1st and June 6th, but he was not available. Messages were left with the Liberal Party's receptionist; however, the calls were not returned (Attachment 4).

0 0 1 2 6
0 0 1 2 6
To date, the report has not been received.

IV. OTHER PENDING MATTERS INITIATED BY RAD:

0 0 1 2 6
0 0 1 2 6
None

*/By letter dated January 26, 1983, Raymond H. Phillips stated, "I am the Treasurer" of the Liberal Party. The 1983 Mid-Year Report was signed by James F. Notoro as Secretary, and the 1983 Year End Report was signed by Alan A. Bailey as Acting Treasurer.

PARTY RELATED

COMMITTEE	DOCUMENT	RECEIPTS	DISBURSEMENTS	TYPE OF FILER COVERAGE DATES	# OF PAGES	MICROFILM LOCATION
LIBERAL PARTY FEDERAL CAMPAIGN COMMITTEE						
1983	MID-YEAR REPORT	-	5,277	PARTY NON-QUALIFIED 1JAN83 - 30JUN83	7	83FEC/283/1042
REQUEST FOR ADDITIONAL INFORMATION				1JAN83 - 30JUN83	1	84FEC/313/1676
REQUEST FOR ADDITIONAL INFORMATION 2ND				1JAN83 - 30JUN83	2	84FEC/315/4000
YEAR-END		-	98	1JUL83 - 31DEC83	6	84FEC/295/4056
1984	NOTICE OF FAILURE TO FILE			1JAN84 - 31MAR84	1	84FEC/313/4727
TOTAL		0	0	5,375	0	17 TOTAL PAGES

All reports have received review.

Ending Cash-on-hand 12/31/83: \$1000

Debts (by): \$7772

Debts (to): \$0

ATTACHMENT 1
(Page 1 Of 2)

PARTY RELATED

COMMITTEE	DOCUMENT	RECEIPTS	DISBURSEMENTS	TYPE OF FILER COVERAGE DATES	# OF PAGES	MICROFILM LOCATION
LIBERAL PARTY FEDERAL CAMPAIGN COMMITTEE						
1981	STATEMENT OF ORGANIZATION - AMENDMENT			PARTY NON-QUALIFIED		ID #C00121269
APRIL QUARTERLY	- AMENDMENT	14,193	15,500	6AUG81	1	81FEC/203/3031
REQUEST FOR ADDITIONAL INFORMATION				1JAN81 - 31MAR81	10	82FEC/223/1069
REQUEST FOR ADDITIONAL INFORMATION 2ND				1JAN81 - 31JAN81	2	82FEC/236/2126
JULY QUARTERLY	- AMENDMENT	1,000	1,000	1JAN81 - 31JAN81	7	82FEC/240/1320
REQUEST FOR ADDITIONAL INFORMATION				1APR81 - 30JUN81	7	82FEC/223/1079
REQUEST FOR ADDITIONAL INFORMATION 2ND				1APR81 - 30JUN81	2	82FEC/236/2129
MID-YEAR REPORT				1APR81 - 30JUN81	1	82FEC/240/1664
OCTOBER QUARTERLY	- AMENDMENT	1,000	961	31JAN81 - 31JUL81	6	81FEC/203/3032
1ST LETTER INFORMATIONAL NOTICE				1JUL81 - 30SEP81	7	82FEC/223/1086
YEAR-END		21,475	21,200	1OCT81 - 31DEC81	14	82FEC/223/1093
REQUEST FOR ADDITIONAL INFORMATION				1OCT81 - 31DEC81	2	82FEC/236/2132
REQUEST FOR ADDITIONAL INFORMATION 2ND				1OCT81 - 31DEC81	1	82FEC/240/1665
1982	MISCELLANEOUS REPORT			16SEP82 TO FEC	2	82FEC/243/2774
APRIL QUARTERLY		3,000	3,000	1JAN82 - 31MAR82	7	82FEC/229/1494
APRIL QUARTERLY	- AMENDMENT			1JAN82 - 31MAR82	2	83FEC/267/1144
REQUEST FOR ADDITIONAL INFORMATION				1JAN82 - 31MAR82	2	83FEC/262/0507
REQUEST FOR ADDITIONAL INFORMATION 2ND				1JAN82 - 31MAR82	3	83FEC/266/1134
JULY QUARTERLY		4,600	3,825	1APR82 - 30JUN82	8	82FEC/238/2157
OCTOBER QUARTERLY		0	0	1JUL82 - 30SEP82	3	82FEC/251/3115
PRE-GENERAL		0	0	1OCT82 - 13OCT82	3	82FEC/253/4098
POST-GENERAL		16,750	12,477	14OCT82 - 22NOV82	13	82FEC/257/2964
POST-GENERAL	- AMENDMENT	17,560	12,477	14OCT82 - 22NOV82	8	83FEC/267/1850
REQUEST FOR ADDITIONAL INFORMATION				14OCT82 - 22NOV82	1	83FEC/266/0265
REQUEST FOR ADDITIONAL INFORMATION				14OCT82 - 22NOV82	1	83FEC/267/3275
REQUEST FOR ADDITIONAL INFORMATION				14OCT82 - 22NOV82	3	83FEC/268/5241
REQUEST FOR ADDITIONAL INFORMATION 2ND				14OCT82 - 22NOV82	3	83FEC/269/0204
REQUEST FOR ADDITIONAL INFORMATION 2ND				14OCT82 - 22NOV82	3	83FEC/270/5029
YEAR-END		1,000	0	23NOV82 - 31DEC82	6	83FEC/266/1890
REQUEST FOR ADDITIONAL INFORMATION				23NOV82 - 31DEC82	1	83FEC/267/3277
REQUEST FOR ADDITIONAL INFORMATION 2ND				23NOV82 - 31DEC82	1	83FEC/269/0745
REQUEST FOR ADDITIONAL INFORMATION				23NOV82 - 31DEC82	1	83FEC/270/3607
REQUEST FOR ADDITIONAL INFORMATION 2ND				23NOV82 - 31DEC82	2	83FEC/271/5143
1983	MISCELLANEOUS REPORT			31JAN83 TO FEC	2	83FEC/263/3866
MISCELLANEOUS REPORT				17FEB83 TO FEC	3	83FEC/266/3139
MISCELLANEOUS REPORT				22FEB83 TO FEC	2	83FEC/266/4966
TOTAL		63,828	0	57,963	0	140 TOTAL PAGES

All reports have received review.



ATTACHMENT 2

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 22, 1984

APRIL REPORTING NOTICE FOR UNAUTHORIZED COMMITTEES

WHO MUST FILE

ALL unauthorized political committees, except those that file monthly, must file a quarterly report by April 15, 1984. (See below)

WHAT MUST BE REPORTED

All financial activity must be disclosed from the last report filed through March 31, 1984. Political committees which have not previously filed a financial disclosure report covering any period in 1984 should report all financial activity from the later of January 1, 1984, or date of registration,* through March 31, 1984.

WHEN TO FILE

Reports sent by registered or certified mail must be postmarked no later than April 15, 1984. Reports hand delivered or mailed first class must be received no later than close of business April 15, 1984.

WHERE AND HOW TO FILE

Committees should consult the instructions on the enclosed FEC Form 3X for details.

MONTHLY FILERS

Committees that file on a monthly schedule must file their next report by April 20, 1984, and disclose all financial activity of their committee from March 1 through March 31, 1984. Monthly reports are due by the twentieth of each month and should cover all financial activity of the previous month.

COMPLIANCE

Political committees are fully liable for failure to file any report required under the Act. Failure to file in a timely fashion is a serious violation. Committees are subject to enforcement action for late filing. Illegible reports which can not be clearly reproduced and reports submitted on non-FEC forms will not be accepted. Committees filing such documents will be required to refile.

*The first report filed by a committee shall include all amounts received or disbursed in 1984, and prior to becoming a political committee, even if such amounts were not received during the current reporting period. See 11 CFR 104.3(a) and (b) Activity which occurred prior to 1984 should be reported separately.

A R E M I N D E R

All committees that have made contributions or expenditures (including independent expenditures) in connection with a primary election, which have not previously been reported, must file a pre-election report.

FOR INFORMATION CALL: Office of Public Communications
800/424-9530 or 202/523-4068

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

29-7

May 8, 1984

Alan A. Bailey, Acting Treasurer
Liberal Party Federal Campaign
Committee
165 West 46th Street
New York, NY 10036

Identification Number: C00121269

Reference: April Quarterly Report (1/1/84-3/31/84)

Dear Mr. Bailey:

It has come to the attention of the Federal Election Commission that you may have failed to file the above referenced Report of Receipts and Disbursements as required by the Federal Election Campaign Act. You were previously notified of the due date for this report.

It is important that you file this report immediately with the Federal Election Commission, 1325 K Street, NW, Washington, DC 20463 (or with the Clerk of the House or the Secretary of the Senate, as appropriate). A copy of the report or its relevant portions should also be filed with the Secretary of State or equivalent state officer (see 11 CFR 108.2, 108.3, 108.4).

The failure to file this report may result in an audit or legal enforcement action.

If you have any questions regarding this matter, please contact Pamela Brown on our toll-free number (800) 424-9530. Our local number is (202) 523-4048.

Sincerely,

John D. Gibson

John D. Gibson
Assistant Staff Director
Reports Analysis Division

MEMORANDUM TO THE FILES: TELECON

ATTACHMENT 4

COMMITTEE NAME: LIBERAL PARTY FEDERAL CAMPAIGN COMMITTEE

COMMITTEE CONTACT: Receptionist

DATE: 6/1/84

ANALYST: Brown

SUBJECT: Non-Filing of 1984 April Quarterly

I contacted the committee to see if it had received the Non-Filer Notice, and to attempt to discover if the report had been mailed. The receptionist took my name and said the person responsible for the filings would return my call.

6/6/84- I called the committee back to follow-up on the previous call. The receptionist again took my name, and said that my call would be returned.

2
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0 3 0 4 0 0 0 2



SENSITIVE

FEDERAL ELECTION COMMISSION

84JUL2 19:03

A83-118

June 29, 1984

MEMORANDUM

TO: THE COMMISSIONERS

THROUGH: JOHN C. SURINA
STAFF DIRECTOR

FROM: ROBERT J. COSTA
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: FINAL AUDIT REPORT - LIBERAL PARTY FEDERAL
CAMPAIGN COMMITTEE

Attached for your consideration is the final audit report on the Liberal Party Federal Campaign Committee. Included as Exhibits A through C are matters which were referred to the Office of General Counsel on June 18, 1984. Also included is the Office of General Counsel's legal analysis which indicates their concurrence with the referral of these matters.

This report is being circulated to the Commission for a tally vote. Upon notice of Commission approval, the report will be sent to the Committee and then publicly released.

If you have any questions, please contact Alex Boniewicz or Kevin McFadden at 523-4155.

Attachments as stated



FEDERAL ELECTION COMMISSION

WASHINGTON DC 20463

A83-118

REPORT OF THE AUDIT DIVISION ON THE LIBERAL PARTY FEDERAL CAMPAIGN COMMITTEE

I. Background

A. Overview

This report is based on an audit of the Liberal Party Federal Campaign Committee ("the Committee"), undertaken by the Audit Division of the Federal Election Commission in accordance with the Commission's audit policy to determine whether there has been compliance with the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The audit was conducted pursuant to Section 438(b) of Title 2 of the United States Code which states, in part, that the Commission may conduct audits and field investigations of any political committee required to file a report under Section 434 of this title. Prior to conducting any audit under this section, the Commission shall perform an internal review of reports filed by

The Committee registered with the Federal Election Commission on February 25, 1980. The Committee maintains its headquarters in New York, New York.

The audit covered the period January 1, 1981 through December 31, 1982. The Committee reported a cash balance on January 1, 1981, of \$1,322.13; total receipts for the period of \$63,828.43; total disbursements for the period of \$57,963.61; and a cash balance on December 31, 1982, of \$6,376.52. ^{1/}

This audit report is based on documents and work papers which support each of its factual statements. They form part of the record upon which the Commission based its decisions on the matters in the report and were available to the Commissioners and appropriate staff for review.

^{1/} The reported totals do not calculate correctly due to a minor mathematical discrepancy.

B. Key Personnel

The Treasurers of the Committee during the period covered by the audit were Mr. Herbert Rose (inception to July 31, 1981); Mr. James F. Notaro (July 31, 1981 to September 1982); Mr. Raymond H. Phillips (September 1982 to April 1983) and Mr. Alan Bailey (April 1983 to present). 2/

C. Scope

The audit included such tests as verification of total reported receipts and disbursements and individual transactions; review of required supporting documentation; analysis of Committee debts and obligations; and such other audit procedures as deemed necessary under the circumstances. The Committee's contribution records met the recordkeeping requirements of 2 U.S.C. 432(c) and 11 C.F.R. 102.9(a). Because the Committee did not maintain complete additional contributor records generated outside the Committee (for example, copies of contributor checks or contributor cards completed by contributors), this audit did not include the standard audit procedure of verification of individual contributions to such records. However, the maintenance of those records is not required to comply with the recordkeeping section of the Act.

II. Findings and Recommendations

Matters Referred to the Office of General Counsel

Certain matters noted during the audit were referred to the Commission's Office of General Counsel.

2/ The Committee's Statement of Organization has not been amended to disclose Messrs. Phillips and Bailey as Committee Treasurers.

A. Itemization of Expenditures

Section 434(b)(6)(B)(iv) of Title 2 of the United States Code states that each report under this section shall disclose the name and address of each person who receives any expenditure from the reporting committee during the reporting period in connection with an expenditure under section 441a(d) of this title, together with the date, amount, and purpose of any such expenditure as well as the name of, and office sought by, the candidate on whose behalf the expenditure is made.

A review of the Committee's records identified two expenditures, totalling \$5,500, made during 1981 to extinguish a debt incurred on behalf of Jacob Javits' 1980 Senate campaign. In addition, for two expenditures, totalling \$291.29, made during 1982 on behalf of Daniel P. Moynihan's 1982 Senate campaign, the Committee was unable to provide information explaining the percentage (11%) used to allocate that portion attributable to Moynihan.^{1/} These were all disclosed as operating expenditures. In addition, three expenditures, made during 1982, for "radio" and "advertising", totalling \$11,455.54 appear to have been made on behalf of a federal candidate, however, the records maintained supporting those expenditures did not indicate on whose behalf they may have been made (see also Finding 3).

Committee officials acknowledged expenditures had been made on behalf of federal candidates, and stated these would be researched by the Treasurer upon his return.

Recommendation

The Audit staff recommends that, within 30 days of receipt of this report, Committee staff review their records to identify all expenditures made on behalf of Daniel Moynihan and the candidate(s) on whose behalf expenditures totaling \$11,455.54 were made during 1982, and provide for review by the Audit staff documentation disclosing the basis for determining these amounts. In addition, the Audit staff recommends that Committee staff file comprehensive amendments for 1981 and 1982 disclosing all expenditures on behalf of federal candidates on Schedule F of FEC Form 3X as required.

^{1/} Section 106.1(a) of Title 11, Code of Federal Regulations, states that expenditures made on behalf of more than one candidate shall be attributed to each candidate in proportion to, and shall be reported to reflect, the benefit reasonably expected to be derived.

Exhibit 3

B. Missing Records and Documentation

Sections 432(c)(5) and (d) 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, and the name of the candidate and the office sought by the candidate, if any, for whom the disbursement was made, including a receipt, invoice, or canceled check for each disbursement in excess of \$200. The treasurer shall preserve all records required to be kept by this section and copies of all reports required to be filed by this subchapter for 3 years after the report is filed.

During the course of the audit, documentation supporting one debt (Liberal Party of New York - \$2,772) and one loan (Amalgamated Bank of New York - \$10,000), both outstanding at the end of 1982, could not be located among Committee records.

Further, sufficient supporting documentation (for possible 2 U.S.C. 441a(d) disbursements, see also Finding A) was not available for the following three expenditures, totalling \$11,455.54:

New Sounds, Inc.	\$ 448.88
DMT Media	\$9,110.29
Robert J Sann & Assoc.	\$1,896.37

Committee officials explained that the Treasurer could probably locate the documentation when he returns.

Recommendation

The Audit staff recommends that Committee staff provide for review by the Audit staff copies of appropriate documentation for all items noted above including loan agreements, and any renegotiation thereof, and invoices, within 30 days of receipt of this report.

C. Federal and Non-Federal Activity

Section 102.5(a)(1)(i) of Title 11, Code of Federal Regulations states, in part, that for political committees with separate federal and non-federal accounts, no transfers may be made to such federal account from any other account(s) maintained by such organization for the purpose of financing activity in connection with non-federal elections.

The Committee disclosed the receipt of a \$10,000 loan from the Amalgamated Bank of New York on October 20, 1982. Discussions with the Assistant Executive Director of the Committee indicated that a loan from the Amalgamated Bank of New York, in the amount of \$40,000, was secured by the Treasurer with funds available in the non-federal account. The federal account received \$10,000 of this by means of a bank credit. There was no documentation available to determine if the federal account's share of the loan passed through the non-federal account.

Recommendation

The Audit staff recommends that Committee staff provide a chronology of events surrounding this loan, to include relevant supporting documentation, such as copies of bank credit memos, within 30 days of receipt of this report for review by the Audit staff.



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

6/29/84
APC

June 29, 1984

MEMORANDUM TO: Robert J. Costa
Assistant Staff Director
Audit Division

THROUGH: John C. Surina *GP JACK*
Staff Director

FROM: Charles N. Steele *CC*
General Counsel

SUBJECT: Final Audit Report of the Audit Division
on the Liberal Party Federal
Campaign Committee

The Office of the General Counsel has reviewed the Final Audit Report of the Audit Division on the Liberal Party Federal Campaign Committee ("Committee"). Based upon our review of this document, we concur that the items noted in Exhibits A, B, and C should be referred to the Office of the General Counsel.

cc: The Commission

930703139

cc: archive

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Final Audit Report - Liberal) A83-118
Party Federal Campaign)
Committee)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on July 5, 1984, the Commission decided by a vote of 5-0 to approve the Final Audit Report - Liberal Party Federal Campaign Committee, as submitted under staff memorandum dated June 29, 1984.

Commissioners Aikens, Elliott, McDonald, McGarry, and Reiche voted affirmatively for the decision; Commissioner Harris did not cast a vote.

Attest:

7-6-84

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

NRN

A83-118

July 12, 1984

MEMORANDUM

TO: CHARLES N. STEELE
GENERAL COUNSEL

THROUGH: JOHN C. SURINA
STAFF DIRECTOR

FROM: ROBERT J. COSTA
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: LIBERAL PARTY FEDERAL CAMPAIGN COMMITTEE -
MATTER REFERRED TO OFFICE OF GENERAL COUNSEL

On July 5, 1984, the Commission approved the final audit report of the Audit Division on the Liberal Party Federal Campaign Committee. Attached as Exhibit A through C are matters noted in the final audit report which the Commission voted to refer to your office for review and consideration.

All workpapers in support of these matters are available for review in the Audit Division.

Should you have any questions, please contact Alex Boniewicz or Kevin McFadden at 523-4155.

Attachment as stated



Date 7-18-84

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

A83-118

July 18, 1984

MEMORANDUM

TO: FRED EILAND
PRESS OFFICER

FROM: ROBERT J. COSTA *RJC*
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: PUBLIC ISSUANCE OF FINAL AUDIT REPORT -
LIBERAL PARTY FEDERAL CAMPAIGN COMMITTEE

Attached please find a copy of the final audit report of the Liberal Party Federal Campaign Committee which was approved by the Commission on July 5, 1984.

Informational copies of the report have been received by all parties involved and the report may be released to the public.

Attachment as stated

cc: FEC Library
RAD
Public Record
Office of General Counsel

10:32 AM



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 19, 1984

MEMORANDUM

TO: CHARLES N. STEELE
GENERAL COUNSEL

THROUGH: JOHN C. SURINA
STAFF DIRECTOR

FROM: JOHN D. GIBSON
ASSISTANT STAFF DIRECTOR
REPORTS ANALYSIS DIVISION

SUBJECT: REFERRAL OF THE LIBERAL PARTY FEDERAL CAMPAIGN
COMMITTEE

The Liberal Party Federal Campaign Committee ("the Liberal Party") is being referred to your office for chronic late filing during the 1983-1984 election cycle.

The Liberal Party is also being referred for non-filing of the 1984 July Quarterly Report, according to Standard 3 of the aforementioned Procedures.

For your information, the Liberal Party was referred for a possible 2 U.S.C. §438(b) audit on November 8, 1983 (see A83-118). The Commission approved the final audit report on July 5, 1984 which recommended that a portion of the report be referred to your office (see MUR 1739).

If you have any questions, please contact Pamela Brown at 523-4048.

Attachment

REPORTS ANALYSIS REFERRAL

TO

OFFICE OF GENERAL COUNSEL

DATE: September 19, 1984

ANALYST: Pamela Brown

I. COMMITTEE: Liberal Party Federal Campaign Committee
(C00121269)1/
Raymond H. Phillips, Treasurer
165 West 46th Street
New York, NY 10036

II. RELEVANT STATUTE: 2 U.S.C. §§434(a)(4)(A)(i) and
434(a)(4)(A)(iv)
11 CFR 104.5(c)(1)(i)(A) and
104.5(c)(2)(i)(A)

III. BACKGROUND:

Failure to Timely File Reports

The Liberal Party Federal Campaign Committee ("the Liberal Party") failed to file three (3) reports in a timely manner during the 1983-84 election cycle. The 1983 Mid-Year report was filed fifty (50) calendar days late; and the 1984 April Quarterly and July Quarterly reports have not been filed to date (Attachment 2).^{2/} The Liberal Party was notified on July 7, 1983 that the 1983 Mid-Year report was due on July 31, 1984 and was notified on June 21, 1984 that the 1984 July Quarterly report was due on July 15, 1984 (Attachments 3 and 4).^{3/} Listed below are the reports filed late or not filed, the date each was due, and the date the report was filed, as appropriate.

1/ By letter dated January 26, 1983, Raymond H. Phillips stated "I am the treasurer" of the Liberal Party. The 1983 Mid-Year report was signed by James F. Notoro as Secretary, and the 1983 Year End report was signed by Alan A. Bailey as Acting Treasurer.

2/ The Liberal Party was referred to your office for Failure to File the 1984 April Quarterly Report on June 26, 1983 (see 84NF-39).

3/ See also 84NF-39.

LIBERAL PARTY FEDERAL CAMPAIGN COMMITTEE
REPORTS ANALYSIS OGC REFERRAL
PAGE 2

<u>REPORT TYPE</u>	<u>DU^E DATE</u>	<u>DATE FILED</u>
1983 Mid-Year (1/1/83-6/30/83)	7/31/83	9/19/83
1984 April Quarterly (1/1/84-3/31/84)	4/15/84	Not Filed
1984 July Quarterly (4/1/84-6/30/84)	7/15/84	Not Filed

On July 6, 1984, the Liberal Party was sent a chronic late filing notice which advised the Liberal Party that any additional late filings may result in legal enforcement action (Attachment 5). There was no response to this notice.

The Liberal Party was sent a notice on August 8, 1984 for failure to file the 1984 July Quarterly report (Attachment 6). An analyst in the Reports Analysis Division attempted to contact the Committee by phone on September 10, 1984, but was unsuccessful (Attachment 7).

IV. OTHER PENDING MATTERS INITIATED BY RAD:

None

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FEDERAL ELECTION COMMISSION
COMMITTEE INDEX OF DISCLOSURE DOCUMENTS - 1983-84DATE 11SEP84
PAGE 1

PARTY RELATED

COMMITTEE	DOCUMENT	RECEIPTS	DISBURSEMENTS	TYPE OF FILER	* OF COVERAGE DATES	PAGES	MICROFILM LOCATION
LIBERAL PARTY FEDERAL CAMPAIGN COMMITTEE							PARTY NON-QUALIFIED
							ID #C00121269
1983	MID-YEAR REPORT		5,375	1JAN83 - 30JUN83	7	83FEC/283/1042	
	REQUEST FOR ADDITIONAL INFORMATION			1JAN83 - 30JUN83	1	84FEC/313/1676	
	REQUEST FOR ADDITIONAL INFORMATION 2nd YEAR-END		98	1JAN83 - 30JUN83	2	84FEC/315/4000	
1984	MISCELLANEOUS NOTICE FROM FEC			1JUL83 - 31DEC83	6	84FEC/295/4056	
	NOTICE OF FAILURE TO FILE			6JUL84	1	84FEC/319/1126	
	NOTICE OF FAILURE TO FILE			1JAN84 - 31MAR84	1	84FEC/313/4727	
				1APR84 - 30JUN84	1	84FEC/325/0609	
	TOTAL	0	5,375	0	19	TOTAL PAGES	

ALL REPORTS HAVE RECEIVED REVIEW.

Ending Cash-on-hand 12/31/83: \$1000

Debts (by): \$7772

8 3 0 4 0 7 0 0 1 4 7

FEDERAL ELECTION COMMISSION
COMMITTEE INDEX OF DISCLOSURE DOCUMENTS - (C) (81-82)DATE 15JUN84
PAGE 1

PARTY RELATED

COMMITTEE	DOCUMENT	RECEIPTS	DISBURSEMENTS	TYPE OF FILER	# OF COVERAGE DATES	PAGES	MICROFILM LOCATION
LIBERAL PARTY FEDERAL CAMPAIGN COMMITTEE							
							PARTY NON-QUALIFIED
							ID #C00121269
1981	STATEMENT OF ORGANIZATION - AMENDMENT			6AUG81		1	81FEC/203/3031
APRIL QUARTERLY	- AMENDMENT	14,193	15,500	1JAN81	-31MAR81	10	82FEC/223/1069
REQUEST FOR ADDITIONAL INFORMATION				1JAN81	-31JAN81	2	82FEC/236/2126
REQUEST FOR ADDITIONAL INFORMATION 2ND				1JAN81	-31JAN81	7	82FEC/240/1320
JULY QUARTERLY	- AMENDMENT	1,000	1,000	1APR81	-30JUN81	7	82FEC/223/1079
REQUEST FOR ADDITIONAL INFORMATION				1APR81	-30JUN81	2	82FEC/236/2129
REQUEST FOR ADDITIONAL INFORMATION 2ND				1APR81	-30JUN81	1	82FEC/240/166
MID-YEAR REPORT				31JAN81	-31JUL81	6	81FEC/203/303
OCTOBER QUARTERLY	- AMENDMENT	1,000	961	1JUL81	-30SEP81	7	82FEC/223/1086
1'ST LETTER INFORMATIONAL NOTICE				1JUL81	-30SEP81	1	82FEC/236/2135
YEAR-END		21,475	21,200	1OCT81	-31DEC81	14	82FEC/223/1093
REQUEST FOR ADDITIONAL INFORMATION				1OCT81	-31DEC81	2	82FEC/236/2132
REQUEST FOR ADDITIONAL INFORMATION 2ND				1OCT81	-31DEC81	1	82FEC/240/1665
1982	MISCELLANEOUS REPORT			16SEP82	TO FEC	2	82FEC/243/2774
APRIL QUARTERLY		3,000	3,000	1JAN82	-31MAR82	7	82FEC/229/1494
APRIL QUARTERLY	- AMENDMENT	-	-	1JAN82	-31MAR82	2	83FEC/267/1144
REQUEST FOR ADDITIONAL INFORMATION				1JAN82	-31MAR82	2	83FEC/262/0507
REQUEST FOR ADDITIONAL INFORMATION 2ND				1JAN82	-31MAR82	3	83FEC/266/1134
JULY QUARTERLY		4,600	3,825	1APR82	-30JUN82	8	82FEC/238/2157
OCTOBER QUARTERLY		0	0	1JUL82	-30SEP82	3	82FEC/251/3115
PRE-GENERAL		0	0	1OCT82	-13OCT82	3	82FEC/253/4098
POST-GENERAL		16,750	12,477	14OCT82	-22NOV82	13	82FEC/257/2964
POST-GENERAL	- AMENDMENT	17,560	12,477	14OCT82	-22NOV82	8	83FEC/267/1850
REQUEST FOR ADDITIONAL INFORMATION				14OCT82	-22NOV82	1	83FEC/266/0265
REQUEST FOR ADDITIONAL INFORMATION				14OCT82	-22NOV82	1	83FEC/267/3275
REQUEST FOR ADDITIONAL INFORMATION				14OCT82	-22NOV82	2	83FEC/268/5241
REQUEST FOR ADDITIONAL INFORMATION 2ND				14OCT82	-22NOV82	3	83FEC/269/0204
REQUEST FOR ADDITIONAL INFORMATION 2ND				14OCT82	-22NOV82	3	83FEC/270/5029
YEAR-END		1,000	0	23NOV82	-31DEC82	6	83FEC/266/189
REQUEST FOR ADDITIONAL INFORMATION				23NOV82	-31DEC82	1	83FEC/267/3277
REQUEST FOR ADDITIONAL INFORMATION 2ND				23NOV82	-31DEC82	1	83FEC/269/0745
REQUEST FOR ADDITIONAL INFORMATION				23NOV82	-31DEC82	1	83FEC/270/3607
REQUEST FOR ADDITIONAL INFORMATION 2ND				23NOV82	-31DEC82	2	83FEC/271/5143
1983	MISCELLANEOUS REPORT			31JAN83	TO FEC	2	83FEC/263/3866
MISCELLANEOUS REPORT				17FEB83	TO FEC	3	83FEC/266/3139
MISCELLANEOUS REPORT				22FEB83	TO FEC	2	83FEC/266/4966
	TOTAL	63,828	0	57,963	0	140	TOTAL PAGES

All reports have received review.

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ATTACHMENT 1

1. Name of Committee (in Full)

Liberal Party Federal Campaign Committee

Address Number and Street

165 West 46th Street

City, State and ZIP Code

New York, New York 10036

 Check here if address is different than previously reported.

2. FEC Identification Number

C00121269

3. This committee qualified as a multi-candidate committee during this Reporting Period on 1/01/83

SUMMARY	
6. Covering Period	Jan. 1, 1983 through June 30, 1983
6. (a) Cash on hand January 1, 1983
6. (b) Cash on Hand at Beginning of Reporting Period
6. (c) Total Receipts (from Line 1b)
6. (d) Subtotal (add Lines 6(b) and 6(c) for Column A and Lines 6(b) and 6(c) for Column B)
7. Total Disbursements (from Line 2b)
8. Cash on Hand at Close of Reporting Period (subtract Line 7 from Line 6(d))
9. Debts and Obligations Owed TO The Committee
10. Debts and Obligations Owed BY the Committee

I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete.

James F. Notaro

Type or Print Name of James F. Notaro SecretaryJames F. Notaro
Signature of James F. Notaro Secretary09/14/83
Date

For further information contact:
Federal Election Commission
Toll Free 800-424-5139
Local 708-523-4000

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this report to the penalties of 2 U.S.C. § 437c.

All previous versions of FEC Form 3 and FEC Form 400 are obsolete and should no longer be used.

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FEC FORM 3X (3/80)



FEDERAL ELECTION COMMISSION
WASHINGTON DC 20463

July 7, 1983

SEMIANNUAL REPORT FILING REQUIREMENTS

WHO MUST FILE

ALL POLITICAL COMMITTEES currently registered with the Commission (except committees filing monthly) must file a semiannual report by July 31, 1983.

WHAT MUST BE REPORTED

Committees must disclose all financial activity of the committee from the later of, the last report filed or the date of registration,* through June 30, 1983.

FILING DATE

Reports sent by registered or certified mail must be postmarked no later than midnight July 31, 1983. Reports hand delivered or mailed first class must be received no later than close of business July 31, 1983.

WHERE AND HOW TO FILE

Committees should consult the instructions on the enclosed form for details.

FAILURE TO FILE

According to Commission policy, political committees will not necessarily receive notification of their failure to file reports. However, they remain fully liable for failure to file any report required under the Act. In addition, failure to file required reports may result in compliance proceedings. Committees must submit legible reports which can be reproduced clearly. Illegible documents will not be accepted as reports, and committees filing such documents will be required to refile.

MONTHLY FILERS

Committees filing on a monthly schedule need not file a semi-annual report. Monthly reports are due by the twentieth of each month and should cover all financial activity of the previous month. The next monthly report must be filed by July 20, 1983, and disclose all financial activity of the committee from June 1 through June 30, 1983.

* The first report filed by a committee shall include all amounts received or disbursed prior to becoming a political committee, even if such amounts were not received during the current reporting period. See 11 CFR 104.3(a) and (b).

FOR INFORMATION CALL: Office of Public Communications
202/523-4068
800/424-9530



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 21, 1984

JULY REPORTING NOTICE FOR UNAUTHORIZED COMMITTEES

WHO MUST FILE

ALL unauthorized political committees, except those that file monthly, must file a quarterly report by July 15, 1984. (See below.)

WHAT MUST BE REPORTED

All financial activity must be disclosed from the last report filed through June 30, 1984. Political committees which have not previously filed a financial disclosure report should report all financial activity from the date of registration,* through June 30, 1984.

WHEN TO FILE

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COMPLIANCE

Political committees are fully liable for failure to file any report required under the Act. Failure to file in a timely fashion is a serious violation. Committees are subject to enforcement action for late filing. Illegible reports which can not be clearly reproduced and reports submitted on non-FEC forms will not be accepted. Committees filing such documents will be required to refile.

*The first report filed by a committee shall include all amounts received or disbursed prior to becoming a political committee, even if such amounts were not received during the current reporting period. See 11 CFR 104.3(a) and (b).



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MS-L

July 6, 1984

Alan A. Bailey, Acting Treasurer
Liberal Party Federal Campaign
Committee
165 West 46th Street
New York, NY 10036

Identification Number: C00121269

Reference: 1983-1984 Election Cycle Reports

Dear Mr. Bailey:

This letter is prompted by the Commission's review of the reports required to be filed by your committee. The following is a list of reports your committee apparently has failed to file in a timely manner.

<u>Report Type</u>	<u>Due Date</u>	<u>Date Filed</u>
Mid-Year (1/1/83-6/30/83)	7/31/83	9/19/83
April Quarterly (1/1/84-3/31/84)	4/15/84	Not Filed

Timely filing is a specific requirement of the Federal Election Campaign Act and is essential to fulfilling the public disclosure concept embodied in that law. The Commission views failure to timely file reports as a serious violation of the Act. This communication is to advise you that, notwithstanding any matters which may be pending with the Commission, any additional failure to timely file a required report by your committee may result in the Commission initiating legal enforcement or audit action.

If you need assistance or have any questions regarding this matter, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 523-4048.

Sincerely,

The handwritten signature of Michael B. Filler.

Michael B. Filler
Chief
Party/Non-Party Branch



FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20463

EQ-7

ME 8 1984

Alan A. Bailey, Acting Treasurer
Liberal Party Federal Campaign
Committee
165 West 46th Street
New York, NY 10036

Identification Number: C00121269

Reference: July Quarterly Report (4/1/84-6/30/84)

Dear Mr. Bailey:

It has come to the attention of the Federal Election Commission that you may have failed to file the above referenced Report of Receipts and Disbursements as required by the Federal Election Campaign Act. You were previously notified of the due date for this report.

It is important that you file this report immediately with the Federal Election Commission, 1325 K Street, NW, Washington, DC 20463 (or with the Clerk of the House or the Secretary of the Senate, as appropriate). A copy of the report or its relevant portions should also be filed with the Secretary of State or equivalent state officer (see 11 CFR 108.2, 108.3, 108.4).

The failure to file this report may result in an audit or legal enforcement action.

If you have any questions regarding this matter, please contact Lisa Stolaruk on our toll-free number (800) 424-9530. Our local number is (202) 523-4048.

Sincerely,

John D. Gibson
Assistant Staff Director
Reports Analysis Division

MEMORANDUM TO THE FILES:

COMMITTEE: LIBERAL PARTY FEDERAL CAMPAIGN COMMITTEE

CONTACT: Receptionist (212) 354-1100

DATE: 9/10/84

ANALYST: Brown

SUBJECT: Chronic Late Filing Notice & 1984 July Quarterly Non-Filing

I called the committee to see if it had received both the Chronic Late Filing Notice and the Non-Filer Notice for the 1984 July Quarterly Report. Mr. Bailey, the acting Treasurer, was not available, but the receptionist took my number and stated that my call would be returned.

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

RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY

34 SEP 14 P 2:35

FIRST GENERAL COUNSEL'S REPORT

SENSITIVE

DATE AND TIME OF TRANSMITTAL
BY OGC TO THE COMMISSION 9/14/84 - 2:30

MUR #1739
STAFF MEMBER
Maura White
202-523-4143

SOURCE OF MUR: INTERNALLY GENERATED

RESPONDENTS' NAMES: Liberal Party Federal Campaign Committee;
Alan Bailey, as treasurer; Liberal Party of
New York State

RELEVANT STATUTE: 2 U.S.C. §§ 434(b)(6)(B)(iv), 432(c)(5),
441b(a)

INTERNAL REPORTS CHECKED: Audit report and public records

FEDERAL AGENCIES CHECKED: None

GENERATION OF MATTER

This matter originated from an audit of the Liberal Party Federal Campaign Committee ("Committee") pursuant to 2 U.S.C. § 438(b). 1/ The audit covered the period of January 1, 1981, through December 31, 1982. Referral was made to this office by the Audit Division after the Committee did not respond to the interim audit report (Attachment 1).

FACTUAL AND LEGAL ANALYSIS

(1) The Facts

(a) Failure to Properly Itemize Expenditures

A review of the Committee's records by Audit revealed several expenditures which appeared to constitute

1/ The Committee is the federal account of the Liberal Party of New York State.

expenditures pursuant to 2 U.S.C. § 441a(d). Audit noted two expenditures totalling \$5,500 which were made by the Committee during 1981 to extinguish a debt incurred on behalf of Jacob Javits' 1980 Senate campaign. The two expenditures were reported as being made to D.H. Sawyer and Associates for "media expense" on January 20, 1981, and February 6, 1981, in the amounts of \$2,500 and \$3,000, respectively. The Committee did not report that the expenditures were on behalf of Jacob Javits nor the office sought by Jacob Javits. 2/

Audit's review of the Committee's records further revealed that two expenditures to Robert J. Sann and Associates for "advertising" on November 5, 1982, and November 15, 1982, in the amounts of \$245.50 and \$45.79 were on behalf of Daniel P. Moynihan's 1982 Senate campaign. The Committee did not report that the expenditures were on behalf of Daniel P. Moynihan nor the office sought by Daniel P. Moynihan. 3/

In addition, the audit of the Committee indicated that

2/ The limit on § 441a(d) expenditures on behalf of a Senatorial candidate in New York State for the 1980 general election was \$379,717. According to the Commission's "D" Index, the Committee expended \$129,630 on behalf of Jacob Javits.

3/ A review of the Commission's "D" Index for 1981-1982 did not reveal any expenditures on behalf of Daniel P. Moynihan by the Committee. The limit on § 441a(d) expenditures on behalf of a Senatorial candidate in New York State for the 1980 general election was \$480,214.

In addition, Audit noted that the Committee was unable to provide information explaining the percentage (11 per cent) used to allocate \$291.29 to Daniel P. Moynihan. Information obtained from the Committee's Executive Director during the audit indicated the \$245.50 expenditure was for a newspaper advertisement.

three expenditures totalling \$11,455.54 were made on behalf of at least one federal candidate. (Audit noted that Committee officials acknowledged that expenditures had been made on behalf of federal candidates.) The expenditures at issue are as follows: \$488.88 to New Sounds, Inc. on October 20, 1982, for "radio" 4/; \$1,896.37 to Robert J. Sann and Associates on November 1, 1982, for "advertising"; and, \$9,110.29 to DMT Media on October 22, 1982, for "radio." The Committee did not report the name(s) of the federal candidate(s) on whose behalf the expenditures were made nor the office sought by such federal candidate(s).

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(b) Missing Records and Documentation

During the course of the audit, documentation supporting a debt of \$2,772 to the Liberal Party of New York State could not be located among the Committee's records. The debt was initially reported on the Committee's 1982 Year-End Report, and the purpose of the debt was described as "reimbursement for print ads for campaign." 5/ In addition, documentation was not available for

4/ Although the Committee's 1982 Post-General Election Report designated this expenditure for the primary election, the date of the expenditure suggests that the expenditure was in connection with the general election.

5/ In connection with this debt, the Commission in MUR 1528 found reason to believe the Liberal Party of New York State violated 11 C.F.R. § 102.5(a)(1)(i) by making a disbursement in connection with a federal election from other than its federal account. The Liberal Party of New York State is currently a respondent in MUR 1528. The Commission, on November 29, 1983, determined to defer action in MUR 1528 until completion of the instant audit.

a loan of \$10,000 to the Committee from the Amalgamated Bank of New York on October 20, 1982, or for the three disbursements totalling \$11,455.54 described above in connection with the Committee's failure to properly itemize expenditures.

(c) Loan Activity

As discussed above, the Committee disclosed the receipt of a \$10,000 loan from the Amalgamated Bank of New York on October 20, 1982. The loan was reported as due on December 3, 1982, 6/ at a 16 percent interest rate. During the audit, the Committee's Assistant Executive Director indicated to Audit that the above loan constituted a portion of a \$40,000 loan from the Amalgamated Bank of New York which was secured by the treasurer with funds in the non-federal account. The Committee apparently received the funds by means of a bank credit. No information was available as to whether the federal account's share of the loan (\$10,000) passed through the non-federal account.

6/ The loan remained outstanding until March 7, 1983. Although outside the scope of the audit, audit's review of the Committee's 1983 Mid-Year Report revealed that the loan was repaid by the Committee in two installments: a \$5,000 disbursement to the Amalgamated Bank on January 7, 1983; and, a \$5,000 debit on March 7, 1983, against the funds in the non-federal account. The debit was in turn disclosed as a loan to the Committee from the non-federal account. The Committee's 1983 Mid Year Report also reported a debt of \$10.69 to the Liberal Party for "Reimburse for Bank Loan Interest," and payments of \$207.13 and \$70.14 on February 14, 1983, and March 22, 1983, respectively, to the Amalgamated Bank of New York for "interest on loan." The Committee's 1983 Year-End Report disclosed repayment of the \$10.69 to the Liberal Party of New York State.

(2) The applicable law

(a) Itemization of Expenditures

Section 434(b)(6)(B)(iv) of Title 2, United States Code, states that each report filed under this section shall disclose the name and address of each person who receives any expenditure from the reporting committee during the reporting period in connection with an expenditure under 2 U.S.C. § 441a(d), together with the date, amount, and purpose of any such expenditure as well as the name of, and office sought by, the candidate on whose behalf the expenditure is made.

In connection with the expenditures discussed above, the Committee was required to disclose that the expenditures it made to D.H. Sawyer and Associates and Robert J. Sann and Associates were on behalf of Jacob Javits and Daniel Moynihan, respectively, as well as the office sought by the instant candidates. In addition, the Committee was required to disclose the name(s) of the federal candidate(s), and office sought by such candidate(s), on whose behalf three expenditures totalling \$11,455.54 were made. In view of the Committee's failure to properly itemize the above expenditures, it is the recommendation of this office that the Commission find reason to believe the Committee and Alan Bailey, as treasurer, violated 2 U.S.C. § 434(b)(6)(B)(iv).

(b) Missing Records and Documentation

Pursuant to 2 U.S.C. § 432(c)(5), 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, and the name of the candidate and the office sought by the candidate, if any, for whom the disbursement was made, including a receipt, invoice, or cancelled check for each disbursement in excess of \$200. As set forth at 2 U.S.C. § 432(d), the treasurer of a political committee is required to preserve all records required to be kept by this section and copies of all reports required to be filed by this subchapter for three years after the report is filed.

The Committee was required by 2 U.S.C. § 432(c)(5) to keep an account of the names of the federal candidates, and the offices sought by such candidates, on whose behalf expenditures were made and was required to maintain a receipt, invoice, or cancelled check with respect to its debt of \$2,772 to the Liberal Party of New York State, its expenditures totalling \$11,455.54, and its receipt of a \$10,000 loan from the Amalgamated Bank of New York. In view of the Committee's failure to maintain the required account, records and documentation, it is the recommendation of this office that the Commission find reason to believe the Committee and Alan Bailey, as treasurer, violated 2 U.S.C. § 432(c)(5). 7/

7/ It is the view of this office that the Committee's failure to maintain required records for three years pursuant to 2 U.S.C. § 432(d) is subsumed in a finding of 2 U.S.C. § 432(c)(5).

(c) Loan Activity

As set forth at 2 U.S.C. § 441b(a), corporations and labor organizations are prohibited from making a contribution or expenditure in connection with a federal election, and political committees are prohibited from knowingly accepting or receiving any contribution from a corporation or labor organization.

The term "contribution" is defined at 2 U.S.C. § 431(8)(A) to include a loan. Pursuant to 11 C.F.R. § 100.7(a)(1)(i), the term "loan" includes a guarantee, endorsement, and any other form of security.

As discussed above, it is not known whether the \$10,000 bank loan to the Committee, which was secured with funds in the Liberal Party's non-federal account, passed through the non-federal account or reached the federal account directly.

Regardless of whether the funds passed through the non-federal account, however, it is the view of this office that the loan at issue constitutes a prohibited contribution to the Committee from the non-federal account because the loan was secured with funds in the non-federal account. Such a view also reflects the fact that New York State law permits corporate and labor union contributions in state and local elections and that the funds contained in the non-federal account would have in part constituted funds prohibited under the Act. 8/ Hence, it is the recommendation of this office that the Commission find reason

8/ In MUR 1528 (see footnote 5 supra), the Committee has acknowledged that during at least 1981 its non-federal account contained funds which the Commission would find "objectionable."

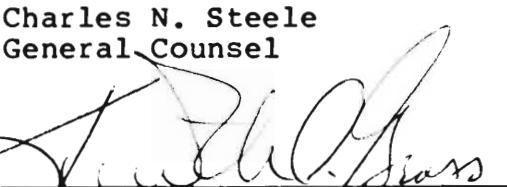
to believe the Liberal Party of New York State violated 2 U.S.C. § 441b(a) by making a prohibited contribution to the Committee, and that the Committee and Alan Bailey, as treasurer, violated 2 U.S.C. § 441b(a) by accepting the instant contribution.

General Counsel's Recommendations

1. Merge MUR 1528 into MUR 1739.
2. Find reason to believe the Liberal Party Federal Campaign Committee, and Alan Bailey, as treasurer, violated 2 U.S.C. § 434(b)(6)(B)(iv).
3. Find reason to believe the Liberal Party Federal Campaign Committee and Alan Bailey, as treasurer, violated 2 U.S.C. § 432(c)(5).
4. Find reason to believe the Liberal Party Federal Campaign Committee and Alan Bailey, as treasurer, violated 2 U.S.C. § 441b(a).
5. Find reason to believe the Liberal Party of New York State violated 2 U.S.C. § 441b(a).
6. Approve the attached Order and letters.

Charles N. Steele
General Counsel

By:


Kenneth A. Gross
Associate General Counsel

September 14, 1988
Date

Attachments
1- Audit referral
2- Proposed Order and letters (2)

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) MUR 1739
Liberal Party Federal Campaign)
Committee)
Alan Bailey, as treasurer)
Liberal Party of New York)
State)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal
Election Commission, do hereby certify that on September 19,
1984, the Commission decided by a vote of 6-0 to take
the following actions in MUR 1739:

1. Merge MUR 1528 into MUR 1739.
2. Find reason to believe the Liberal
Party Federal Campaign Committee,
and Alan Bailey, as treasurer,
violated 2 U.S.C. § 434(b)(6)(B)(iv).
3. Find reason to believe the Liberal
Party Federal Campaign Committee,
and Alan Bailey, as treasurer,
violated 2 U.S.C. § 432(c)(5).
4. Find reason to believe the Liberal
Party Federal Campaign Committee,
and Alan Bailey, as treasurer,
violated 2 U.S.C. § 441b(a).
5. Find reason to believe the Liberal
Party of New York State violated
2 U.S.C. § 441b(a).

(Continued)

Certification
MUR 1739
First General Counsel's Report
Dated September 14, 1984

Page 2

6. Approve the order and letters
attached to the First General
Counsel's Report dated September 14,
1984.

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

Attest:

9-19-84

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

Received in Office of Commission Secretary: 9-14-84, 2:35
Circulated on 48-hour tally basis: 9-17-84, 11:00



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JODY C. RANSOM *JCR*

DATE: SEPTEMBER 20, 1984

SUBJECT: MUR 1739 - Order

The attached order, which was Commission approved
on September 19, 1984 by a vote of 6-0, has been signed
and sealed this date.



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 20, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Alan Bailey, Treasurer
Liberal Party Federal
Campaign Committee
165 West 46th Street
New York, New York 10036

RE: MUR 1739
Liberal Party Federal Campaign
Committee; Alan Bailey, as
treasurer

Dear Mr. Bailey:

On September 19, 1984, the Federal Election Commission determined that there is reason to believe that the Liberal Party Federal Campaign Committee and you, as treasurer, violated 2 U.S.C. §§ 441b(a), 434(b)(6)(B)(iv), and 432(c)(5), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). 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 and the committee. You may submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Please submit such materials along with your response to the enclosed Order to Answer Questions.

You may consult with an attorney and have an attorney assist you in the preparation of your responses to this order. If you intend to be represented by counsel, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel and authorizing such counsel to receive any notifications or other communications from the Commission. It is required that you submit the information under oath and that you do so within 15 days of your receipt of this order.

In the absence of any additional information which demonstrates that no further action should be taken against you and the committee, the Commission may find probable cause to believe that a violation has occurred and proceed with 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 desire.

The investigation now being conducted will be confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

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) 523-4143.

Sincerely,

Lee Ann Elliott
Lee Ann Elliott
Chairman

Enclosures
Order
General Counsel's Factual and Legal Analysis
Procedures
Designation of Counsel Form

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

)

Liberal Party Federal
Campaign Committee

)

MUR 1739

ORDER TO SUBMIT WRITTEN ANSWERS

Pursuant to 2 U.S.C. § 437d(a)(1), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby orders you to submit written answers to the following questions:

1. a. State the name of the federal candidate(s) on whose behalf an expenditure of \$488.88 was made by the Liberal Party Federal Campaign Committee on October 20, 1982, to New Sounds, Inc., 453 W. 56 Street, New York, New York, and whether such expenditure was in connection with the 1982 general election.

b. State the name of the federal candidate(s) on whose behalf an expenditure of \$9,110.29 was made by the Liberal Party Federal Campaign Committee on October 22, 1982, to DMT Media, 60 E. 42 Street, New York, New York.

c. State the name of the federal candidate(s) on whose behalf an expenditure of \$1,896.37 was made by the Liberal Party Federal Campaign Committee on November 1, 1982, to Robert J. Sann and Associates, 630 9th Avenue, New York, New York.

2. a. State whether the monies representing the \$10,000 loan to the Liberal Party Federal Campaign Committee on October 20, 1982, from the Amalgamated Bank of New York were received directly from the Amalgamated Bank of New York or from the Liberal Party of New York State.

b. With respect to question 2a, describe the method of transmission (e.g., check) of the monies.

3. a. State whether the debt of \$2,772 to the Liberal Party of New York State for "reimbursement for print ads for campaign" was in whole or part related to an expenditure on behalf of a federal candidate(s).

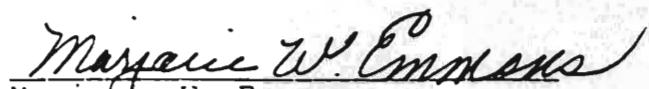
b. If the answer to question 3a is yes, state the name of the federal candidate(s) on whose behalf the expenditures were made.

Such answers must be submitted under oath and must be forwarded to the Commission within 15 days of your receipt of this Order.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set her hand in Washington, D.C. on this 20th day of September, 1984.


Lee Ann Elliott

ATTEST:


Marjorie W. Emmons
Secretary to the Commission

8300700168



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 20, 1984

Patrick Giagnacova
Associate Executive Director
Liberal Party of New York State
1560 Broadway
New York 10036

RE: MUR 1739
Liberal Party of New York
State

Dear Mr. Giagnacova:

On September 19, 1984, the Federal Election Commission determined that there is reason to believe the Liberal Party of New York State violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). 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 the Liberal Party of New York State. You may submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials within 15 days of your receipt of this letter.

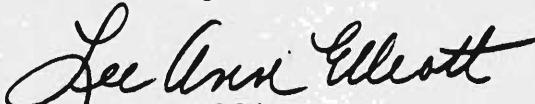
In the absence of any additional information which demonstrates that no further action should be taken against the Liberal Party of New York State, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if so desired. See 11 C.F.R. § 111.18(d).

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.

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.

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) 523-4143.

Sincerely,


Lee Ann Elliott
Chairman

Enclosures

General Counsel's Factual and Legal Analysis
Procedures
Designation of Counsel Statement

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SENSITIVE

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

RECEIVED
OFFICE OF THE FEC
SECRETARY

FIRST GENERAL COUNSEL'S REPORT

8/23/84 9:33

DATE AND TIME OF TRANSMITTAL
BY OGC TO THE COMMISSION 10/23/84
9:30am

RAD Referrals 84NF-51 & 84NF-39
STAFF MEMBER
Maura White

SOURCE OF MUR: RAD Referrals

RESPONDENTS' NAMES: Liberal Party Federal Campaign Committee;
Alan A. Bailey, Treasurer

RELEVANT STATUTE: 2 U.S.C. § 434(a)(4)(A)

INTERNAL REPORTS CHECKED: Public Records

FEDERAL AGENCIES CHECKED: None

GENERATION OF MATTER

On June 26, 1984, the Reports Analysis Division ("RAD") referred the Liberal Party Federal Campaign Committee ("LPFCC") to the Office of the General Counsel for failure to file the 1984 April Quarterly Report (Attachment 1 - RAD Referral 84NF-39). In the memorandum accompanying the referral, RAD noted that the LPFCC also did not file the 1983 Mid-Year Report and that "[t]he question of whether or not this committee should receive a Chronic Late Filer Warning Notice is being discussed with your office." On July 6, 1984, this Office informed RAD that when the above issue is decided the matter should be referred with information which reflects that decision. On September 19, 1984, RAD referred the LPFCC to this Office for the chronic late filing of three reports during the 1983-1984 election cycle, one of which is the 1984 April Quarterly Report discussed above. (Attachment 2 - RAD Referral 84NF-51).

FACTUAL AND LEGAL ANALYSIS

(a) The Facts

The LPFCC failed to file the 1984 April Quarterly Report by April 15, 1984. Consequently, a non-filer notice was mailed to the LPFCC on May 8, 1984. A RAD staff member unsuccessfully attempted to contact the LPFCC's acting treasurer by telephone on June 1, 1984, and June 6, 1984, with respect to the non-filing of the 1984 April Quarterly Report. See Attachment 1.

In addition, the LPFCC filed the 1983 Mid-Year Report 50 days late. The 1983 Mid-Year Report, due on July 31, 1983, was not filed until September 19, 1983. After the LPFCC failed to file timely the 1983 Mid-Year Report and the 1984 April Quarterly Report (see above), a Chronic Late Filer Notice was mailed to the LPFCC on July 6, 1984. The notice advised the LPFCC that any additional late filings may result in legal enforcement action. Subsequently, the LPFCC failed to file the 1984 July Quarterly Report by July 15, 1984, the required filing date. A non-filer notice was mailed to the LPFCC on August 8, 1984, with respect to the LPFCC's failure to file the 1984 July Quarterly Report. A staff member of RAD attempted to contact the LPFCC by telephone on September 10, 1984, but was unsuccessful. As of October 18, 1984, the LPFCC has filed neither the 1984 April Quarterly Report nor the 1984 July Quarterly Report. See Attachment 2.

(b) The applicable law

Pursuant to 2 U.S.C. § 434(a)(4)(A)(i) a political committee is required to file quarterly reports, in a calendar year in which a regularly scheduled general election is held, no later than the 15th day after the last day of each calendar quarter, except that the report for the quarter ending on December 31 of such calendar year shall be filed no later than January 31 of the following calendar year. As set forth at 2 U.S.C.

§ 431(a)(4)(A)(iv) a political committee is required to file, in any other calendar year, a report covering the period beginning January 1 and ending June 30 no later than July 31, and a report covering the period beginning July 1 and ending December 31, no later than January 31 of the following calendar year.

(c) Application of the law to the facts.

The LPFCC and its treasurer were required to file the 1983 Mid-Year Report, the 1984 April Quarterly Report, and the 1984 July Quarterly Report by July 31, 1983, April 15, 1984, and July 15, 1984, respectively. The LPFCC did not file its 1983 Mid-Year Report until September 19, 1983, and as of this writing has failed to file the 1984 April Quarterly Report and the 1984 July Quarterly Report. In view of the LPFCC's repeated failure to file its reports in a timely manner it is the recommendation of this Office that the Commission open a Matter Under Review and find reason to believe the Liberal Party Federal Campaign

Committee and its treasurer violated 2 U.S.C. § 434(a)(4)(A)(i) and (iv). It is also recommended that this matter be incorporated into MUR 1739 which involves the Liberal Party Federal Campaign Committee and the Liberal Party of New York State.

RECOMMENDATIONS

1. Incorporate RAD Referrals 84NF-39 and 84NF-51 into MUR 1739.
2. Find reason to believe the Liberal Party Federal Campaign Committee and Alan Bailey, as treasurer, violated 2 U.S.C. § 434(a)(4)(A)(i) and (iv).
3. Approve the attached letter.

Charles N. Steele
General Counsel

By:

Kenneth A. Gross
Associate General Counsel

Oct 22, 1987

Attachments:

- 1 - Referral 84NF-39
- 2 - Referral 84NF-51
- 3 - Proposed letter (1)

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) RAD Referral 84NF-51
Liberal Party Federal Campaign) and 84NF-39
Committee)
Alan A. Bailey, Treasurer)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal
Election Commission, do hereby certify that on October 25,
1984, the Commission decided by a vote of 6-0 to take
the following actions in the above-captioned matter:

1. Incorporate RAD Referral 84NF-39
and 84NF-51 into MUR 1739.
2. Find reason to believe the Liberal
Party Federal Campaign Committee and
Alan Bailey, as treasurer, violated
2 U.S.C. § 434(a)(4)(A)(i) and (iv).
3. Approve the letter attached to the
First General Counsel's Report
signed October 22, 1984.

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

Attest:

10/25/84

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

Received in Office of Commission Secretary: 10-23-84, 9:33
Circulated on 48 hour tally basis: 10-23-84, 4:00



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 31, 1984

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6
Alan Bailey, Acting Treasurer
Liberal Party Federal Campaign Committee
165 West 46th Street
New York, New York 10036

Re: MUR 1739

Dear Mr. Bailey:

Under the Act, you have an opportunity to demonstrate that no action should be taken against you and the committee. You may submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials within ten days of your receipt of this letter.

In the absence of any additional information which demonstrates that no further action should be taken against your committee and you, as treasurer, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if so desired. See 11 C.F.R. § 111.18(d).

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.

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.

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)523-4143.

Sincerely,


Lee Ann Elliott
Chairman

Enclosures

General Counsel's Factual and Legal Analysis
Procedures
Designation of Counsel Statement

230040700177

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED

FEC

SECRETARY

In the Matter of)
Liberal Party Federal)
Campaign Committee)

MUR 1739

2000 10 21 10 21:45

EXECUTIVE SESSION

GENERAL COUNSEL'S REPORT

87 NOV 1984

I. BACKGROUND

On September 19, 1984, the Commission determined that there is reason to believe the Liberal Party Federal Campaign Committee ("Committee") and Alan Bailey, as treasurer, violated 2 U.S.C. §§ 441b(a), 434(b)(6)(B)(iv), and 432(c)(5). On September 20, 1984, notification of the Commission's reason to believe findings and an Order to Submit Written Answers was mailed to the Committee. Pursuant to the order, answers were to be submitted under oath within 15 days of the Committee's receipt of the order. A return receipt from the United States Postal Service shows that the Committee received the order on September 27, 1984.

At this writing the Committee has not responded to the Commission's order. The questions issued by the Commission seek: the name of the federal candidates on whose behalf independent expenditures appear to have been made; the manner in which a \$10,000 bank loan to the Committee, secured with funds in the Liberal Party of New York State's non-federal account, was transmitted to the Committee; and, the name(s) of the federal candidate(s) on whose behalf the Committee reimbursed the non-federal account for certain advertisements. In the view of this Office, the above information should be obtained prior to a

recommendation of probable cause to believe.

II. RECOMMENDATION

Authorize the Office of the General Counsel to institute a civil action, pursuant to 2 U.S.C. § 437d(b), seeking enforcement of the Order to Submit Written Answers issued to the Liberal Party Federal Campaign Committee.

15 Nov. 1984
Date

Charles N. Steele
General Counsel

89040700179

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Liberal Party Federal) MUR 1739
Campaign Committee)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the
Federal Election Commission executive session of November 27,
1984, do hereby certify that the Commission decided by a
vote of 6-0 to authorize the Office of General Counsel to
institute a civil action, pursuant to 2 U.S.C. § 437d(b),
seeking enforcement of the Order to Submit Written Answers
issued to the Liberal Party Federal Campaign Committee.

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

Attest:

11-39-84

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

5 December 1984

MEMORANDUM

TO: CHARLES N. STEELE
GENERAL COUNSEL

ATTENTION: MAURA WHITE

THROUGH: JOHN C. SURINA
STAFF DIRECTOR

FROM: JOHN D. GIBSON
ASSISTANT STAFF DIRECTOR
REPORTS ANALYSIS DIVISION

**SUBJECT: REFERRAL UPDATE ON THE LIBERAL PARTY FEDERAL CAMPAIGN
COMMITTEE - MUR 1739**

The following is to update our referral of the Liberal Party Federal Campaign Committee ("LPFCC") (84NF-51, now MUR 1739). As explained below, LPFCC has failed to file its 1984 October Quarterly Report.

On September 21, 1984, LPFCC was notified that the October Quarterly Report was due by October 15, 1984 (Attachment 1). Since the required report was not submitted, a Non-Filer Notice was sent to LPFCC on November 6, 1984 (Attachment 2).

A Reports Analyst attempted to contact Alan Bailey, the Acting Treasurer, on November 30, 1984, concerning the omitted report; however, he was not available (Attachment 3). Ms. Mariam Burns, a spokesperson for LPFCC, told the analyst that she was "sure it was done." Ms. Burns took the analyst's phone number and indicated that someone would get back to her.

As of this date, there have been no further contacts with LPFCC, and the 1984 October Quarterly Report has not been filed.

If you have any questions, please contact Pamela Brown at 523-4048.

Attachments



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 21, 1984

OCTOBER REPORTING NOTICE FOR UNAUTHORIZED COMMITTEES

WHO MUST FILE

ALL unauthorized political committees, except those that file monthly, must file a quarterly report by October 15, 1984. (See Monthly Filers below.)

WHAT MUST BE REPORTED

All financial activity must be disclosed from the last report filed through September 30, 1984. Political committees which have not previously filed a financial disclosure report should report all financial activity from the date of registration,* through September 30, 1984.

WHEN TO FILE

Reports sent by registered or certified mail must be postmarked no later than October 15, 1984. Reports hand delivered or mailed first class must be received no later than close of business October 15, 1984.

WHERE AND HOW TO FILE

Committees should consult the instructions on the enclosed FEC Form 3X for details.

MONTHLY FILERS

Committees that file on a monthly schedule must file their next report by October 20, 1984, and disclose all financial activity of their committee from September 1 through September 30, 1984. Monthly reports are due by the twentieth of each month and should cover all financial activity of the previous month.

COMPLIANCE

Political committees are fully liable for failure to file any report required under the Act. Failure to file in a timely fashion is a serious violation. Committees are subject to enforcement action for late filing. Illegible reports which can not be clearly reproduced and reports submitted on non-FEC forms will not be accepted. Committees filing such documents will be required to refile.

*The first report filed by a committee shall include all amounts received or disbursed prior to becoming a political committee, even if such amounts were not received during the current reporting period. See 11 CFR 104.3(a) and (b).

ATTACHMENT 2

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20510

RE-7

November 6, 1984

Alan A. Bailey, Acting Treasurer
Liberal Party Federal Campaign
Committee
165 West 46th Street
New York, NY 10036

Identification Number: C00121200

Reference: OCTOBER QUARTERLY REPORT (7/1/84-9/30/84)

Dear Mr. Bailey:

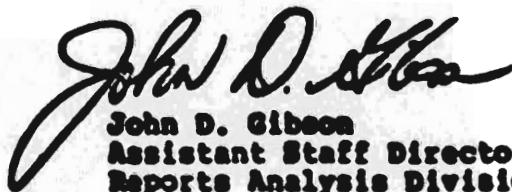
It has come to the attention of the Federal Election Commission that you may have failed to file the above referenced Report of Receipts and Disbursements as required by the Federal Election Campaign Act. You were previously notified of the due date for this report.

It is important that you file this report immediately with the Federal Election Commission, 1325 K Street, NW, Washington, DC 20463 (or with the Clerk of the House or the Secretary of the Senate, as appropriate). A copy of the report or its relevant portions should also be filed with the Secretary of State or equivalent state officer (see 11 CFR 108.2, 108.3, 108.4).

The failure to file this report may result in an audit or legal enforcement action.

If you have any questions regarding this matter, please contact Pamela Brown on our toll-free number (800) 424-9530. Our local number is (202) 523-4048.

Sincerely,


John D. Gibeon
Assistant Staff Director
Reports Analysis Division

MEMORANDUM TO THE FILES:

COMMITTEE: LIBERAL PARTY FEDERAL CAMPAIGN COMMITTEE

CONTACT: MARIAM BURNS (212) 354-1100

DATE: 11/30/84

ANALYST: P. Brown

SUBJECT: Non-Filing of 1984 October Quarterly Report

I called the committee in an attempt to reach Alan Bailey, the acting Treasurer, concerning the non-filing of the October Quarterly Report. Ms. Burns came on the phone and told me that she was "sure it was done." She took my number and indicated that someone would be in touch with me.

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~~SENSITIVE~~

BEFORE THE FEDERAL ELECTION COMMISSION

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In the Matter of) 35 JAN 7 P 1: 50
Liberal Party Federal) MUR 1739
Campaign Committee;)
Alan Bailey, as treasurer)

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On December 5, 1984, the Reports Analysis Division ("RAD") updated its previous referral in this matter (84NF-51) which had been incorporated into MUR 1739 on October 25, 1984 (Attachment 1). */ In the December 5, 1984, update RAD explains that the Liberal Party Federal Campaign Committee ("LPFCC") has failed to file its 1984 October Quarterly Report.

The update notes that on September 21, 1984, the LPFCC was notified that the October Quarterly Report was due by October 15, 1984. A non-filer notice was subsequently mailed to the LPFCC on November 6, 1984, as a result of its failure to file the required report. A staff member of RAD unsuccessfully attempted to contact the LPFCC's treasurer on November 30, 1984. At this writing, the LPFCC has not filed the 1984 October Quarterly Report.

II. LEGAL ANALYSIS

Pursuant to 2 U.S.C. § 434(a)(4)(A)(i), a political committee is required to file quarterly reports, in a calendar year in which a regularly scheduled general election is held, no later than the 15th day after the last day of each calendar

*/ RAD Referrals 84NF-39 and 84NF-51, incorporated into MUR 1739 on October 25, 1984, concerned the LPFCC's failure to file the 1984 April and July Quarterly Reports, and failure to file timely the 1983 Mid-Year Report.

quarter, except that the report for the quarter ending on December 31 of such calendar year shall be filed no later than January 31 of the following calendar year.

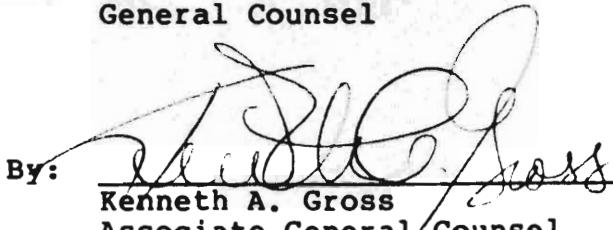
The LPFCC and its treasurer were required to file the 1984 October Quarterly Report by October 15, 1984. To date, the LPFCC has not filed the 1984 October Quarterly Report. In view of the LPFCC's failure to file the instant report, it is the recommendation of this Office that the Commission find reason to believe the LPFCC and Alan Bailey, as treasurer, violated 2 U.S.C. § 434(a)(4)(A)(i).

III. RECOMMENDATIONS

1. Find reason to believe the Liberal Party Federal Campaign Committee and Alan Bailey, as treasurer, violated 2 U.S.C. § 434(a)(4)(A)(i).
2. Approve the attached letter.

Charles N. Steele
General Counsel

By:


Kenneth A. Gross
Associate General Counsel

Attachments

- 1 - Referral Update
- 2 - Proposed letter
- 3 - General Counsel's Factual and Legal Analysis

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Liberal Party Federal) MUR 1739
Campaign Committee)
Alan Bailey, as treasurer)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal
Election Commission, do hereby certify that on January 10,
1985, the Commission decided by a vote of 6-0 to take
the following actions in MUR 1739:

1. Find reason to believe the
Liberal Party Federal Campaign
Committee and Alan Bailey, as
treasurer, violated 2 U.S.C.
§ 434(a)(4)(A)(i).
2. Approve the letter attached to the
General Counsel's Report signed
January 7, 1985.

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

Attest:

1-11-85

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 15, 1985

Alan Bailey, Treasurer
Liberal Party Federal Campaign Committee
165 West 46th Street
New York, New York 10036

Re: MUR 1739

Dear Mr. Bailey:

On January 10, 1985, the Federal Election Commission determined that there is reason to believe the Liberal Party Federal Campaign Committee and you, as treasurer, violated 2 U.S.C. § 434(a)(4)(A)(i), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). 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 and the committee. You may submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials within ten days of your receipt of this letter.

In the absence of any additional information which demonstrates that no further action should be taken against your committee and you, as treasurer, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if so desired. See 11 C.F.R. § 111.18(d).

Letter to Alan Bailey
Page 2

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.

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) 523-4143.

Sincerely,



John Warren McGarry
Chairman

Enclosures

General Counsel's Factual and Legal Analysis

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

SENSITIVE

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL 4/1/85-9:30 RAD Referral #85NF-53
BY OGC TO THE COMMISSION 4/1/85-9:30 STAFF MEMBER: Maura White

SOURCE OF MUR: INTERNALLY GENERATED

RESPONDENTS' NAMES: Liberal Party Federal Campaign Committee;
Alan A. Bailey, as treasurer

RELEVANT STATUTE: 2 U.S.C. § 434(a)(4)(A)(iii)

INTERNAL REPORTS CHECKED: Public Records

FEDERAL AGENCIES CHECKED: None

GENERATION OF MATTER

On February 14, 1985, the Reports Analysis Division ("RAD") referred the Liberal Party Federal Campaign Committee ("LPFCC") to the Office of the General Counsel for failure to file the 1984 Post-General Election Report (Attachment 1).

FACTUAL AND LEGAL ANALYSIS

(a) The Facts

On October 1, 1984, the LPFCC was sent a notice advising that the 1984 Post-General Election Report was required to be filed by December 6, 1984. The LPFCC failed to file the 1984 Post-General Election Report by December 6, 1984. Consequently, a non-filer notice was mailed to the LPFCC on December 28, 1984. An attempt by staff of RAD to contact the LPFCC's acting

treasurer by telephone proved unsuccessful. At this writing, the 1984 Post-General Election Report has not been filed.

(b) The applicable law

Pursuant to 2 U.S.C. § 434(a)(4)(A)(iii), a political committee is required to file a post-general election report no later than the 30th day after the general election which shall be complete as of the 20th day after such general election.

(c) Application of the law to the facts

The LPFCC was required to file the 1984 Post-General Election Report by December 6, 1984. At this writing the LPFCC has failed to file the 1984 Post-General Election Report. In view of the LPFCC's failure to file the above report it is the recommendation of this Office that the Commission open a Matter Under Review and find reason to believe the LPFCC and Alan Bailey, as treasurer, violated 2 U.S.C. § 434(a)(4)(A)(iii). It is also recommended that this matter be incorporated into MUR 1739 which involves the LPFCC.*/

*/ MUR 1739 involves, inter alia, the LPFCC's failure to file the 1983 Mid-Year, 1984 April Quarterly, 1984 July Quarterly, and 1984 October Quarterly Reports in a timely manner.

RECOMMENDATIONS

1. Incorporate RAD Referral 85NF-53 into MUR 1739.
2. Find reason to believe the Liberal Party Federal Campaign Committee and Alan Bailey, as treasurer, violated 2 U.S.C. § 434(a)(4)(A)(iii).
3. Approve the attached letter and General Counsel's Factual and Legal Analysis.

Charles N. Steele
General Counsel

By:


Kenneth A. Gross
Associate General Counsel

March 29, 1985
Date

Attachments
1-RAD Referral
2-Proposed letter and analysis

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) RAD Referral 85NF-53
Liberal Party Federal Campaign)
Committee)
Alan Bailey, as treasurer)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal
Election Commission, do hereby certify that on April 3,
1985, the Commission decided by a vote of 5-0 to take
the following actions in RAD Referral 85NF-53:

1. Incorporate RAD Referral 85NF-53 into MUR 1739.
2. Find reason to believe the Liberal Party Federal Campaign Committee and Alan Bailey, as treasurer, violated 2 U.S.C. § 434(a)(4)(A)(iii).
3. Approve the letter and General Counsel's Factual and Legal Analysis attached to the First General Counsel's Report signed March 29, 1985.

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

Attest:

4-4-85

Date

Mayacie W Emmons
Mayacie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

Received in Office of Commission Secretary: 4-1-85, 9:31
Circulated on 48 hour tally basis: 4-1-85, 4:00



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 12, 1985

Alan Bailey, Treasurer
Liberal Party Federal Campaign Committee
165 West 46th Street
New York, New York 10036

RE: MUR 1739
Liberal Party Federal Campaign
Committee; Alan Bailey, as treasurer

Dear Mr. Bailey:

On April 3, 1985, the Federal Election Commission determined that there is reason to believe the Liberal Party Federal Campaign Committee and you, as treasurer, violated 2 U.S.C. § 434(a)(4)(A)(iii), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). 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 and the committee. You may submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials within ten days of your receipt of this letter.

In the absence of any additional information which demonstrates that no further action should be taken against your committee and you, as treasurer, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if so desired. See 11 C.F.R. § 111.18(d).

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form

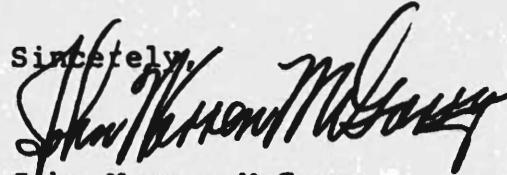
Letter to Alan Bailey
Page 2

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.

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.

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) 523-4143.

Sincerely,



John Warren McGarry
Chairman

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Enclosures

General Counsel's Factual and Legal Analysis
Procedures
Designation of Counsel Statement

SENSITIVE

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

RECEIVED
COMMISSIONER OF THE FEC
COMMISSIONER OF SECURITY

FIRST GENERAL COUNSEL'S REPORT APR 23 P 2: 16

DATE AND TIME OF TRANSMITTAL
BY OGC TO THE COMMISSION 4/23/85-2:15 RAD Referral #85NF-78
STAFF MEMBER: Maura White

SOURCE OF MUR: INTERNALLY GENERATED

RESPONDENTS' NAMES: Liberal Party Federal Campaign Committee;
Alan A. Bailey, as treasurer

RELEVANT STATUTE: 2 U.S.C. § 434(a)(4)(A)(i)

INTERNAL REPORTS CHECKED: Public Records

FEDERAL AGENCIES CHECKED: None

GENERATION OF MATTER

On March 26, 1985, the Reports Analysis Division ("RAD") referred the Liberal Party Federal Campaign Committee ("LPFCC") to the Office of the General Counsel for failure to file the 1984 Year-End Report (Attachment 1).

FACTUAL AND LEGAL ANALYSIS

(a) The Facts

On January 7, 1985, the LPFCC was sent a notice advising that the 1984 Year-End Report was required to be filed by January 31, 1985. The LPFCC failed to file the 1984 Year-End Report by January 31, 1985. Consequently, a non-filer notice was mailed to the LPFCC on February 22, 1985. An attempt by staff of RAD to contact the LPFCC's acting treasurer by telephone proved unsuccessful. At this writing, the 1984 Year-End Report has not been filed.

(b) The applicable law

Pursuant to 2 U.S.C. § 434(a)(4)(A)(i), a political committee is required to file quarterly reports in a calendar year in which a regularly scheduled general election is held, no later than the 15th day after the last day of each calendar quarter: except that the report for the quarter ending on December 31 of such calendar year shall be filed no later than January 31 of the following calendar year.

(c) Application of the law to the facts

The LPFCC was required to file the 1984 Year-End Report by January 31, 1985. At this writing the LPFCC has failed to file the 1984 Year-End Report. In view of the LPFCC's failure to file the above report it is the recommendation of this Office that the Commission open a Matter Under Review and find reason to believe the LPFCC and Alan Bailey, as treasurer, violated 2 U.S.C. § 434(a)(4)(A)(i). It is also recommended that this matter be incorporated into MUR 1739 which involves the LPFCC. */

RECOMMENDATIONS

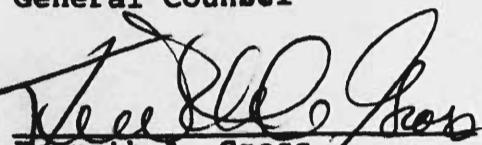
1. Incorporate RAD Referral 85NF-78 into MUR 1739.
2. Find reason to believe the Liberal Party Federal Campaign Committee and Alan Bailey, as treasurer, violated 2 U.S.C. § 434(a)(4)(A)(i).

*/ MUR 1739 involves, inter alia, the LPFCC's failure to file the 1983 Mid-Year, 1984 April Quarterly, 1984 July Quarterly, 1984 October Quarterly, and 1984 Post-General Election Reports in a timely manner.

3. Approve the attached letter and General Counsel's Factual and Legal Analysis.

Charles N. Steele
General Counsel

BY:


Kenneth A. Gross
Associate General Counsel

April 23, 1985
Date

Attachments

1-Rad Referral
2-Proposed letter and analysis

8 8 3 0 4 0 7 0 0 1 9 8

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) RAD Referral 85NF-78
Liberal Party Federal Campaign)
Committee)
Alan A. Bailey, as treasurer)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal
Election Commission, do hereby certify that on April 26,
1985, the Commission decided by a vote of 5-0 to take
the following actions in RAD Referral 85NF-78:

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1. Incorporate RAD Referral 85NF-78
into MUR 1739.
2. Find reason to believe the Liberal
Party Federal Campaign Committee and
Alan Bailey, as treasurer, violated
2 U.S.C. § 434(a)(4)(A)(i).
3. Approve the letter and General
Counsel's Factual and Legal
Analysis attached to the First
General Counsel's Report signed
April 23, 1985.

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

Attest:

4-26-85

Date

Marjorie W. Emmons
for Secretary of the Commission

Received in Office of Commission Secretary:
Circulated on 48 hour tally basis:

4-23-85, 2:16
4-24-85, 11:00



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 2, 1985

Alan Bailey, Treasurer
Liberal Party Federal Campaign Committee
165 West 46th Street
New York, New York 10036

RE: MUR 1739
Liberal Party Federal Campaign
Committee; Alan Bailey, as treasurer

Dear Mr. Bailey:

On April 26, 1985, the Federal Election Commission determined that there is reason to believe the Liberal Party Federal Campaign Committee and you, as treasurer, violated 2 U.S.C. § 434(a)(4)(A)(i), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). 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 and the committee. You may submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials within ten days of your receipt of this letter.

In the absence of any additional information which demonstrates that no further action should be taken against your committee and you, as treasurer, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if so desired. See 11 C.F.R. § 111.18(d).

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.

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.

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) 523-4143.

Sincerely,

Joan D. Arkers

Joan D. Aikens
Vice Chairman

Enclosures

General Counsel's Factual and Legal Analysis
Procedures
Designation of Counsel Statement

LIBERAL PARTY OF NEW YORK STATE

GCC
#7694

RECEIVED
JUN 5 1985
FEDERAL ELECTION COMMISSION
GENERAL COUNSEL

STATE CHAIRMAN
Donald S. Harrington

FIRST VICE-CHAIRMAN
Edward A. Morrison

VICE-CHAIRMAN
Hubert Park Beck
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Carl DeSantis
Dorothy Deschamps
Herbert Dicker
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Benjamin J. McLaurin
Alan Miller

Vincent Pezzimenti
Mildred E. Portnoy
James Sansone
Norman Schneider
Lawrence Wright

TREASURER
Alan A. Bailey

ASSISTANT SECRETARY
William R. Miller, Jr.

ASSISTANT
EXECUTIVE DIRECTOR
Miriam P. Burns

ASSOCIATE
EXECUTIVE DIRECTOR
Patrick W. Giagnacova

SECRETARY AND
EXECUTIVE DIRECTOR
James F. Notaro

In the Matter of)
)
 Liberal Party Federal) MUR 1739
 Campaign Committee)

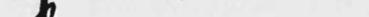
OFFER OF ANSWERS BY PATRICK W. GIAGNACOVA TO CERTAIN
QUESTIONS POSED BY THE FEDERAL ELECTION COMMISSION ON
MAY 30, 1985 IN PROCEEDINGS BEFORE THE HONORABLE
KEVIN THOMAS DUFFY, UNITED STATES DISTRICT COURT JUDGE
FOR THE SOUTHERN DISTRICT OF NEW YORK

1. a. Daniel Patrick Moynihan
Liberal Party candidate for U. S. Senator
from New York - 1982 General Election
- b. Daniel Patrick Moynihan
- c. Daniel Patrick Moynihan
2. a. Received directly from Amalgamated Bank
of New York
- b. Loan proceeds directly credited to account
by bank.
3. a. Entirely related to an expenditure on behalf
of a federal candidate.
- b. Daniel Patrick Moynihan

The Liberal Party Federal Campaign Committee treasurer
in the time frame of questioned activity was
Raymond Phillips, CPA, 1430 Broadway, New York, NY.

Answers to the above questions were obtained from
Mr. Phillips' workpapers which have previously been
examined by the Federal Election Commission field audit
team .

IN WITNESS WHEREOF, I have hereunto set my hand this 3rd
day of June, 1985

ereunto set my hand this 3rd

Patrick W. Giagnacova

STATE OF NEW YORK)
COUNTY OF NEW YORK) SS:

On this 3rd. day of June, 1985 before me personally appeared Patrick W. Giagnacova, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged that he executed the same.

Brian P Burns
Notary

JUNE 4, 1985

Rm 4443, How. Kt. Bury

questions in question -
copy from FEC - KPA
Judge fully directed copy, a answer of question
sent to you in the matter of

BEFORE THE FEDERAL ELECTION COMMISSION

Liberal Party Federal
Campaign Committee

MUR 1739

ORDER TO SUBMIT WRITTEN ANSWERS

Pursuant to 2 U.S.C. § 437d(a)(1), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby orders you to submit written answers to the following questions:

*Notes of fact for
434 b (6) (A) (v)
2 itemization
of expenditures
by candidates
and others*

- a. State the name of the federal candidate(s) on whose behalf an expenditure of \$488.88 was made by the Liberal Party Federal Campaign Committee on October 20, 1982, to New Sounds, Inc., 453 W. 56 Street, New York, New York, and whether such expenditure was in connection with the 1982 general election.
- b. State the name of the federal candidate(s) on whose behalf an expenditure of \$9,110.29 was made by the Liberal Party Federal Campaign Committee on October 22, 1982, to DMT Media, 60 E. 42 Street, New York, New York.
- c. State the name of the federal candidate(s) on whose behalf an expenditure of \$1,896.37 was made by the Liberal Party Federal Campaign Committee on November 1, 1982, to Robert J. Sann and Associates, 630 9th Avenue, New York, New York.

2. a. State whether the monies representing the \$10,000 loan to the Liberal Party Federal Campaign Committee on October 20, 1982, from the Amalgamated Bank of New York were received directly from the Amalgamated Bank of New York or from the Liberal Party of New York State.

4410

b. With respect to question 2a, describe the method of transmission (e.g., check) of the monies.

3. a. State whether the debt of \$2,772 to the Liberal Party of New York State for "reimbursement for print ads for campaign" was in whole or part related to an expenditure on behalf of a federal candidate(s).

b. If the answer to question 3a is yes, state the name of the federal candidate(s) on whose behalf the expenditures were made.

Such answers must be submitted under oath and must be forwarded to the Commission within 15 days of your receipt of this Order.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set her hand in Washington, D.C. on this 20th day of September, 1984.


Lee Ann Elliott

ATTEST:


Marjorie W. Emmons
Secretary to the Commission

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Liberal Party Federal Campaign) MUR 1739
Committee; Alan Bailey, as treasurer)

GENERAL COUNSEL'S REPORT

SENSITIVE

I. BACKGROUND

On September 19, 1984, the Commission determined that the Liberal Party Federal Campaign Committee ("LPFCC") violated, inter alia, 2 U.S.C. § 432(c)(5). The above finding involved a debt of \$2,772 which had been initially reported by the LPFCC on its 1982 Year-End Report as owed to the Liberal Party of New York State for "reimbursement for print ads for campaign," and also involved the LPFCC's receipt of a \$10,000 loan from the Amalgamated Bank of New York.

With respect to the debt of \$2,772, reason to believe had been found that the LPFCC violated 2 U.S.C. § 432(c)(5) by failing to keep an account of the name of the candidate on whose behalf the disbursement was made, and by failing to maintain a receipt, invoice or cancelled check. As to the \$10,000 loan, reason to believe had been found that the LPFCC violated 2 U.S.C. § 432(c)(5) by failing to maintain a receipt, invoice, or cancelled check. With respect to the above debt and loan, an order to submit written answers was sent to the LPFCC on September 20, 1984. The LPFCC responded to the order on June 5, 1985, after it was enforced by the United States District Court for the Southern District of New York on March 15, 1985.^{1/}

^{1/} Following the court's order Respondents still failed to provide answers. Consequently, contempt proceedings were initiated against Respondents. Following the initiation of the contempt proceedings Respondents provided the requested answers.

In response to the Commission's order to submit written answers the LPFCC stated that the \$2,772 debt discussed above was for advertisements solely on behalf of Daniel Moynihan. Thus, it has now been established that the \$2,772 debt was in fact incurred on behalf of a federal candidate. It is now this office's view that it is more appropriate to pursue this transaction with respect to a violation of 11 C.F.R. § 102.5(a)(1)(i), for which reason to believe was found on July 12, 1983,^{2/} than with respect to a violation of 2 U.S.C. § 432(c)(5). Accordingly, it is the recommendation of this office that the Commission take no further action against the LPFCC concerning a violation of 2 U.S.C. § 432(c)(5) related to the \$2,772 debt.

With respect to the \$10,000 loan the Commission determined on September 18, 1984, that there was reason to believe the LPFCC violated 2 U.S.C. § 441b(a) because the loan was secured with funds in the non-federal account of the Liberal Party of New York State. In response to the Commission's order the LPFCC provided information that the \$10,000 loan was received directly from the Amalgamated Bank of New York. Thus, it is now known that the loan did not pass through the non-federal account. In consideration of this circumstance this office believes that the loan should be pursued only in the context of a prohibited transaction (§ 441b(a)) rather than as a violation of

^{2/} In MUR 1528, which was merged into MUR 1739 on September 19, 1984, the Commission found reason to believe the Liberal Party of New York State violated 11 C.F.R. § 102.5(a)(1)(i) by making a disbursement in connection with a federal election from other than the federal account with respect to the instant advertisements.

§ 432(c)(5). Hence, it is the recommendation of this office that the Commission take no further action against the LPFCC concerning a violation of 2 U.S.C. § 432(c)(5) related to the \$10,000 loan.

II. RECOMMENDATIONS

1. Take no further action against the Liberal Party Federal Campaign Committee and Alan Bailey, as treasurer, with respect to a violation of 2 U.S.C. § 432(c)(5) related to a debt of \$2,772 to the Liberal Party of New York State, and a loan of \$10,000 from the Amalgamated Bank of New York.
2. Approve the attached letter.

June 28, 1985
Date

Charles N. Steele
General Counsel

BY: Charles N. Steele
Kenneth A. Gross
Associate General Counsel

Attachment
1- Letter



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE, GENERAL COUNSEL
FROM: *MWE* MARJORIE W. EMMONS/JODY C. RANSOM *JCR*
DATE: JULY 3, 1985
SUBJECT: OBJECTION - MUR 1739 General Counsel's
Report signed June 28, 1985

The above-named document was circulated to the
Commission on Monday, July 1, 1985 at 4:00.

Objections have been received from the Commissioners
as indicated by the name(s) checked:

Commissioner Aikens	_____
Commissioner Elliott	_____
Commissioner Harris	_____
Commissioner McDonald	_____
Commissioner McGarry	_____
Commissioner Reiche	X (comments attached)

This matter will be placed on the Executive Session
agenda for Tuesday, July 9, 1985.



REF ID: A64747
RECEIVED
THE FEC
SECRETARY
FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

P12:47

SENSITIVE

200700210
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200700210

Date and Time Transmitted: MONDAY, 7-1-85, 4:00

COMMISSIONER: McGARRY, AIKENS, MCDONALD, ELLIOTT, REICHE, HARRIS

RETURN TO COMMISSION SECRETARY BY WEDNESDAY, JULY 3, 1985, 4:00

SUBJECT: MUR 1739 - General Counsel's Report
signed June 28, 1985

() I approve the recommendation
() I object to the recommendation

COMMENTS: Some unanswered questions.

Date: 7/2/85

Signature: Frank P. Reiche

A DEFINITE VOTE IS REQUIRED. ALL BALLOTS MUST BE SIGNED AND DATED.

PLEASE RETURN ONLY THE BALLOT TO THE COMMISSION SECRETARY.

PLEASE RETURN BALLOT NO LATER THAN THE DATE AND TIME SHOWN ABOVE.

From the Office of the Commission Secretary



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE, GENERAL COUNSEL
FROM: MARJORIE W. EMMONS/JODY C. RANSOM *JCR*
DATE: JULY 5, 1985
SUBJECT: OBJECTIONS - MUR 1739 General Counsel's
Report signed June 28, 1985

The above-named document was circulated to the
Commission on Monday, July 1, 1985 at 4:00.

Objections have been received from the Commissioners
as indicated by the name(s) checked:

Commissioner Aikens	_____
Commissioner Elliott	_____
Commissioner Harris	X
Commissioner McDonald	X
Commissioner McGarry	_____
Commissioner Reiche	X

This matter will be placed on the Executive Session
agenda for Tuesday, July 9, 1985.

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Liberal Party Federal Campaign) MUR 1739
 Committee)
Alan Bailey, as treasurer)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the
Federal Election Commission executive session of July 9,
1985, do hereby certify that the Commission decided by a
vote of 6-0 to return to the General Counsel's office
the June 28, 1985 report on MUR 1739, pursuant to the
discussion held in the meeting.

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

Attest:

7-11-85

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

RECEIVED
BEFORE THE FEDERAL ELECTION COMMISSION

U. S. GOVERNMENT
FEDERAL ELECTION COMMISSION
COMMISSIONER SECRETARY

In the Matter of }
Liberal Party of New }
York State; Liberal }
Party Federal Campaign }
Committee; Alan Bailey, }
as treasurer; New York County }
Liberal Party }
)

85 SEP 24 P 3:37
MUR 1739

SENSITIVE

GENERAL COUNSEL'S REPORT

Based upon the assessment of information currently available, the Office of the General Counsel is prepared to close the investigation in this matter concerning the Liberal Party of New York State, the Liberal Party Federal Campaign Committee, Alan Bailey, as treasurer, and the New York County Liberal Party.

20 Sept 1965
Date



Charles N. Steele
General Counsel



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

35 OCT 18 P 2 : 09

CC: [REDACTED]
OF [REDACTED]
BY [REDACTED]

October 15, 1985

MEMORANDUM

TO: The Commission

FROM: Charles N. Steele
General Counsel

SUBJECT: MUR #1739

Attached for the Commission's review are three briefs stating 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 the respondents of the General Counsel's intent to recommend to the Commission findings of probable cause to believe were mailed on October 11, 1985. Following receipt of the respondents' replies to these notices, this office will make a further report to the Commission.

Attachments

1. Briefs (3)



FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

Michael Van Blake
County Secretary
New York County Liberal Party
1560 Broadway
New York, New York 10036

Re: MUR 1739
New York County Liberal Party

Dear Mr. Van Blake:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on July 12, 1983, found reason to believe that the New York County Liberal Party violated 2 U.S.C. § 441b(a) and instituted an investigation in this matter. After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe a violation has occurred. This matter, formerly known as MUR 1528, is now identified as MUR 1739.

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 that you 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.

Letter to Michael Van Blake
Page 2

Should you have any questions, please contact Maura White,
at (202) 523-4143.

Sincerely,



Charles N. Steele
General Counsel

Enclosure
Brief

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
New York County Liberal Party) MUR 1739

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

The New York County Liberal Party ("NYCLP") was registered as a county committee of the Liberal Party with the New York State Board of Elections from 1980 until 1982. The NYCLP is not registered as a federal political committee with the Federal Election Commission.

On July 12, 1983, the Commission determined that because corporate and unions monies are permissible in state election campaigns under New York State law there is reason to believe the NYCLP violated 2 U.S.C. § 441b(a) by making a \$1,000 contribution to the Liberal Party Federal Campaign Committee ("LPFCC"), a federal political committee^{1/}.

Notification of the Commission's finding and interrogatories were mailed to the NYCLP on July 15, 1983.^{2/} At this writing no response has been received from the NYCLP.

^{1/} The LPFCC reported the receipt of a \$1,000 contribution from the NYCLP on April 24, 1981.

^{2/} The LPFCC was notified of this finding in the context of MUR 1528. MUR 1528 was merged into MUR 1739 on September 19, 1984. Hence, the instant matter is now referred to as MUR 1739.

During the course of this investigation information was provided to the Commission by the Liberal Party of New York State ("Liberal Party"). According to the Liberal Party, its review of the books of the NYCLP revealed the receipt of contributions from "only non-corporate and non-union contribut[ors]" during the period in question. The Liberal Party represents that four contributions were deposited into the account of the NYCLP during the period of October 2, 1980, through February 17, 1981, and that "[n]one of the contributors to the [NYCLP] are 'prohibited' contributors and hence no 'tainted' funds exist in the New York County account."^{3/}

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II. Legal Analysis

As set forth at 2 U.S.C. § 441b(a), corporations and labor organizations are prohibited from making a contribution or expenditure in connection with a federal election.

Under 11 C.F.R. § 102.5(b) an organization that is not a political committee under the Act, but which makes contributions or expenditures, shall either: (i) establish a separate account into which only funds subject to the prohibitions and limitations of the Act shall be deposited and from which contributions or

^{3/} The following contributions were itemized by the Liberal Party: \$500 from Leon Bouges, State Senator (October 2, 1980); \$500 from Ted Weiss for Congress (October 10, 1980); \$500 from Friends of Dick Gettfried (December 24, 1980); and \$500 from the Committee to Re-elect Charles Rangel (February 17, 1981).

expenditures shall be made. Such organizations shall keep records of deposits to and disbursements from such account and, upon request shall make such records available for examination by the Commission, or (ii) demonstrate through a reasonable accounting method that whenever such organization makes a contribution or expenditure, that organization has received sufficient funds subject to the limitations and prohibitions of the Act to make such contribution or expenditure. Such organization shall keep records of amounts received or expended under this subsection and, upon request, shall make such records available for examination by the Commission.

The NYCLP may contribute to a federal political committee pursuant to 11 C.F.R. § 102.5(b), but it may only contribute funds that are permissible under the Act. Contrary to the contention of the Liberal Party, the information provided to the Commission indicates that the NYCLP did not have sufficient permissible funds in its account during 1981 to make a \$1,000 contribution to the LPFCC, in the view of the Office of the General Counsel.

Of the four sources of monies represented to be in the account of the NYCLP, only one, "Leon Bouges, State Senator" appears to constitute a permissible source for the contribution under the Act. The second source, "Friends of Dick Gettfried," is a New York state election campaign committee 3/ whose account may have contained, in whole or in part, corporate and

3/ According to the New York State Board of Elections, Dick Gettfried was a candidate for the New York Assembly during 1980.

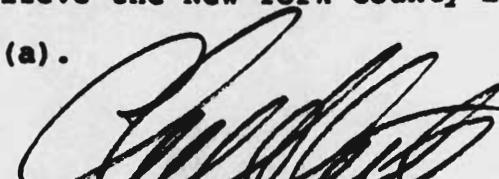
union contribution monies as such are permitted under New York State law. Although the two remaining sources, "Ted Weiss for Congress" and the "Committee to Re-elect Charles Rangel," are federal political committees, it is this office's view that the NYCLP did not have funds from these two committees in its account that it could contribute to the LPFCC. Inasmuch as the reported purpose of the disbursements to the NYCLP by the two federal committees was for "petitions" ^{4/}, the NYCLP would have expended the monies for just such a purpose. Hence, the monies cannot be considered to have been available for donation to the LPFCC by the NYCLP. In view of the foregoing, and the fact that the NYCLP has not submitted a response to the Commission's reason to believe finding, there is no evidence that the NYCLP received sufficient funds subject to the prohibitions of the Act to make a \$1,000 contribution to the LPFCC. It is, therefore, the recommendation of the Office of the General Counsel that the Commission find probable cause to believe the NYCLP violated 2 U.S.C. § 441b(a) by contributing to the LPFCC during 1981.

^{4/} The Committee to Re-elect Congressman Charles Rangel reported a disbursement of \$500 to the New York County Liberal Party on February 11, 1981, for "petitions." The Ted Weiss for Congress Committee reported a disbursement to the Liberal Party on October 8, 1980, for "petition printing."

III. General Counsel's Recommendation

**Find probable cause to believe the New York County Liberal
Party violated 2 U.S.C. § 441b(a).**

10 October 1985
Date



Charles N. Steele
General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Alan Bailey, Treasurer
Liberal Party Federal Campaign Committee
165 West 46th Street
New York, New York 10036

Re: MUR 1739
Liberal Party Federal Campaign
Committee; Alan Bailey,
as treasurer

Dear Mr. Bailey:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, and information supplied by your committee, the Federal Election Commission, on September 18, 1984, found reason to believe the Liberal Party Federal Campaign Committee ("LPFCC") and you, as treasurer, violated 2 U.S.C. §§ 434(b)(6)(B)(iv), 432(c)(5) and 441b(a). In addition, on October 25, 1984, January 10, 1985, April 3, 1985, and April 26, 1985, the Commission found reason to believe the LPFCC and you, as treasurer, violated 2 U.S.C. § 434(a)(4)(A)(i), (iii), and (iv). An investigation in the matter was instituted subsequent to the above findings.

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 violations have 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.

Letter to Alan Bailey

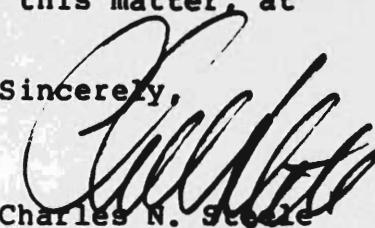
Page 2

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, the staff member assigned to handle this matter, at (202) 523-4143.

Sincerely,



Charles N. Steele
General Counsel

Enclosure
Brief

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Liberal Party Federal) MUR 1739
Campaign Committee;)
Alan Bailey, as treasurer)

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

The Liberal Party Federal Campaign Committee ("LPFCC") is the federal account of the Liberal Party of New York State. The Liberal Party of New York State ("Liberal Party") is a state party organization which also has a non-federal account.

After an audit of the LPFCC was conducted pursuant to 2 U.S.C. § 438(b)^{1/} the Commission determined on September 18, 1984, that there is reason to believe the LPFCC and Alan Bailey, as treasurer, violated 2 U.S.C. §§ 434(b)(6)(B)(iv), 432(c)(5), and 441b(a). The LPFCC and its treasurer were notified of the Commission's findings on September 20, 1984, and ordered to answer certain questions. On January 8, 1985, the Commission filed in the United States District Court for the Southern District of New York a petition for an order to show cause why the Commission's order should not be enforced. The Commission's petition was granted on March 15, 1985.^{2/} The LPFCC complied with the court's order on June 5, 1985.

^{1/} The audit covered the period of January 1, 1981, through December 31, 1982.

^{2/} Following the court's order the respondents still failed to provide answers. Consequently, contempt proceedings were initiated against the respondents. The respondents subsequently provided the requested answers.

In addition to the above, the Commission determined: on October 25, 1984, that the LPFCC and its treasurer violated 2 U.S.C. § 434(a)(4)(A)(i) and (iv); on January 10, 1985, that the LPFCC and its treasurer violated 2 U.S.C. § 434(a)(4)(A)(i); on April 3, 1985, that the LPFCC and its treasurer violated 2 U.S.C. § 434(a)(4)(A)(iii); and, on April 26, 1985, that the LPFCC and its treasurer violated 2 U.S.C. § 434(a)(4)(A)(i). The respondents were notified of these findings on October 31, 1984, January 15, 1985, April 12, 1985, and May 2, 1985. No response was submitted by the respondents with respect to the above findings and notifications.

1. Failure to Properly Itemize Expenditures

A review of the LPFCC's records by the Audit Division revealed several expenditures pursuant to 2 U.S.C. § 441a(d). Specifically, the Audit Division noted two expenditures totalling \$5,500 which were made by the LPFCC during 1981 to extinguish a debt incurred on behalf of Jacob Javits' 1980 Senate campaign. The two expenditures were reported as being made to D.H. Sawyer and Associates for "media expense" on January 20, 1981, and February 6, 1981, in the amount of \$2,500 and \$3,000, respectively. The LPFCC did not report that the expenditures were on behalf of Jacob Javits nor the office sought by Jacob Javits.^{3/}

The Audit Division's review of the LPFCC's records further revealed that two expenditures to Robert J. Sann and Associates

3/ The limit on § 441a(d) expenditures on behalf of a Senatorial candidate in New York State for the 1980 general election was \$379,717. According to the Commission's "D" Index, the LPFCC expended \$129,630 on behalf of Jacob Javits.

for "advertising" on November 5, 1982, and November 15, 1982, in the amount of \$245.50 and \$45.79, respectively, were on behalf of Daniel P. Moynihan's 1982 Senate campaign. The LPFCC did not report that the expenditures were on behalf of Daniel P.

Moynihan nor the office sought by Daniel P. Moynihan 4/

In addition, the audit of the LPFCC indicated that three expenditures totalling \$11,455.54 were made on behalf of a federal candidate. The LPFCC, however, did not report the name of the federal candidate, nor the office sought by such candidate, on whose behalf the expenditures were made. The expenditures at issue are as follows: \$488.88 to New Sounds, Inc. on October 20, 1982, for "radio" 5/; \$1,896.37 to Robert J. Sann and Associates on November 1, 1982, for "advertising"; and, \$9,110.29 to DMT Media on October 22, 1982, for "radio." In response to the Commission's order to answer written questions

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4/ A review of the Commission's "D" Index for 1981-1982 did not reveal any expenditures on behalf of Daniel P. Moynihan by the LPFCC. The limit on § 441a(d) expenditures on behalf of a Senatorial candidate in New York State for the 1982 general election was \$480,214.

In addition, Audit noted that the LPFCC was unable to provide information explaining the percentage (11 per cent) used to allocate \$291.29 to Daniel P. Moynihan. Information obtained from the Executive Director during the audit indicated that the expenditure in the amount of \$245.50 was for a newspaper advertisement.

5/ The LPFCC's 1982 Post-General Election Report designated the expenditures to Robert J. Sann and Associates and to DMT Media as in connection with the general election. In response to the Commission's order, the LPFCC stated that the expenditure to New Sounds, Inc., which was initially reported as in connection with the primary election, was in fact for the general election.

the LPFCC stated that the above three expenditures were on behalf of Daniel Moynihan. The LPFCC has not amended its reports to disclose that such expenditures were on behalf of Daniel Moynihan.

2. Missing Records and Documentation

During the course of the audit, documentation supporting a debt of \$2,772 to the Liberal Party of New York State could not be located among the LPFCC's records, nor could an account of the name of the federal candidate on whose behalf the debt was incurred. The debt was initially reported on the LPFCC's 1982 Year-End Report, and the purpose of the debt was described as "reimbursement for print ads for campaign." In response to the Commission's order to answer written questions the LPFCC stated that the print ads were "[e]ntirely related to an expenditure" on behalf of Daniel Moynihan. To date, the missing documentation has not been provided by the LPFCC.

Documentation was also not available during the audit for a loan of \$10,000 to the LPFCC from the Amalgamated Bank of New York on October 20, 1982, or for the three disbursements totalling \$11,455.54 (\$488.88 to New Sounds, Inc.; \$1,896.37 to Robert J. Sann and Associates; \$9,110.29 to DMT Media) described above in connection with the LPFCC's failure to properly itemize expenditures. An account of the name of the federal candidate on whose behalf the three expenditures totalling \$11,455.54 were made was also not maintained.

3. Loan Activity

As discussed above, the LPFCC disclosed the receipt of a \$10,000 loan from the Amalgamated Bank of New York on October 20, 1982. The loan was reported as due on December 3, 1982,^{6/} at a 16 percent interest rate. During the audit, the Liberal Party's Assistant Executive Director indicated to the Commission's auditors that the above loan constituted a portion of a \$40,000 loan from the Amalgamated Bank of New York which was secured by the treasurer with funds in the non-federal account. According to the LPFCC's answer to the Commission's order in this matter, the \$10,000 at issue was received directly from the Amalgamated Bank of New York and was directly credited to the LPFCC's account by the bank.

4. Failure to File Reports

On July 7, 1983, the LPFCC was mailed a notice stating that the 1983 Mid-Year Report was required to be filed by July 31, 1983. The LPFCC filed the 1983 Mid-Year Report on September 19, 1983, 50 days late.

On March 22, 1984, the LPFCC was sent a notice advising that the 1984 April Quarterly Report was required to be filed by April 15, 1984. In that the LPFCC had not filed the 1984 April Quarterly Report by May 8, 1984, a non-filer notice for this report was sent on such date.

6/ The loan remained outstanding until March 7, 1983. The LPFCC's 1983 Mid-Year Report revealed that the loan was repaid by the LPFCC in two installments: a \$5,000 disbursement to the Amalgamated Bank on January 7, 1983; and, a \$5,000 debit on March 7, 1983, against the funds in the non-federal account. The debit was in turn disclosed as a loan to the LPFCC from the non-federal account.

After the LPFCC failed to file timely the 1983 Mid-Year Report and the 1984 April Quarterly Report, a chronic late filer notice was mailed to the LPFCC on July 6, 1984. The notice advised the LPFCC that any additional late filing of reports may result in legal enforcement action. The LPFCC subsequently failed to file the 1984 July Quarterly Report by July 15, 1984, the required filing date and, therefore, a non-filer notice was mailed to the LPFCC on August 8, 1984. To date, the above two reports have not been filed.

On September 21, 1984, the LPFCC was sent a notice advising that the 1984 October Quarterly Report was required to be filed by October 15, 1984. As a result of its failure to file the 1984 October Quarterly Report a non-filer notice was mailed to the LPFCC on November 6, 1984. To date, the above report has not been filed.

On October 1, 1984, the LPFCC was sent a notice advising that the 1984 Post-General Election Report was required to be filed by December 6, 1984. The LPFCC failed to file the 1984 Post-General Election Report by December 6, 1984. Consequently, a non-filer notice was mailed on December 28, 1984. To date, the 1984 Post-General Election Report has not been filed.

On January 7, 1985, the LPFCC was informed that the 1984 Year-End Report was required to be filed by January 31, 1985. The LPFCC failed to file the 1984 Year-End Report by

January 31, 1985, and, therefore, a non-filer notice was mailed on February 22, 1985. To date, the 1984 Year-End Report has not been filed.

II. Legal Analysis

1. Itemization of Expenditures

Section 434(b)(6)(B)(iv) of Title 2, United States Code, states that each report filed under this section shall disclose the name and address of each person who receives any expenditure from the reporting committee during the reporting period in connection with an expenditure under 2 U.S.C. § 441a(d), together with the date, amount, and purpose of any such expenditure as well as the name of, and office sought by, the candidate on whose behalf the expenditure is made.

In connection with the expenditures discussed above, the LPFCC was required to disclose that the two expenditures (\$2,500 and \$3,000) it made during 1981 to D.H. Sawyer and Associates totalling \$5,500 were on behalf of Jacob Javits, as well as the office sought by the instant candidate. The LPFCC was also required to disclose that the expenditures it made during 1982 to Robert J. Sann and Associates (\$245.50, \$45.79 and \$1,896.37), New Sounds, Inc. (\$488.80), and DMT Media (\$9,110.29) were on behalf of Daniel Moynihan, as well as the office sought by such candidate. In view of the fact that the LPFCC failed to report the names of the federal candidates, as well as the office sought by such candidates, on whose behalf the above expenditures were made it is the recommendation of the Office of the General

Counsel that the Commission find probable cause to believe the LPFCC and Alan Bailey, as treasurer, violated 2 U.S.C. 434(b)(6)(B)(iv).

2. Missing Records and Documentation

Pursuant to 2 U.S.C. § 432(c)(5), 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, and the name of the candidate and the office sought by the candidate, if any, for whom the disbursement was made, including a receipt, invoice, or cancelled check for each disbursement in excess of \$200.

The LPFCC was required to keep an account of the names of the federal candidates, as well as the office sought by such candidates, on whose behalf expenditures were made. Although on June 5, 1985, an account was provided with respect to the \$2,772 debt to the Liberal Party and the three expenditures totalling \$11,455.54,^{7/} at the time of the audit and in response to the interim audit report, the LPFCC was unable to provide an account that these expenditures were on behalf of Daniel Moynihan.

The LPFCC was also required to maintain records, specifically a receipt, invoice, or cancelled check, with respect to: its debt of \$2,772 to the Liberal Party of New York State; its three expenditures totalling \$11,455.54 on behalf of Daniel Moynihan (see footnote 7); and, its receipt of a \$10,000 loan

^{7/} As stated on pages 3 and 4 infra, the expenditures are as follows: \$488.88 to New Sounds, Inc. (October 20, 1982); \$1,896.37 to Robert J. Sann and Associates (November 1, 1982); and, \$9,110.29 to DMT Media (October 22, 1982).

from the Amalgamated Bank of New York. Such records were not provided to the Commission during the audit or at any time thereafter.

In view of the LPFCC's failure to maintain the required account and documentation with respect to the three expenditures on behalf of Daniel Moynihan totalling \$11,455.54 (see footnote 7) it is the recommendation of this office that the Commission find probable cause to believe the LPFCC and Alan Bailey, as treasurer, violated 2 U.S.C. § 432(c)(5). As to the \$10,000 loan from the Amalgamated Bank of New York and the \$2,772 debt to the Liberal Party, the LPFCC stated on June 5, 1985, that the debt was incurred on behalf of Daniel Moynihan, and that the loan, which was secured with funds in the Liberal Party's non-federal account, was received directly from the bank. In consideration of these developments it is the view of this office that these transactions should be pursued in the context of prohibited transactions rather than as violations of the recordkeeping provisions. Hence, it is the recommendation of this office that the Commission take no further action against the LPFCC and Alan Bailey, as treasurer, with respect to a violation of 2 U.S.C. § 432(c)(5) relating to the debt of \$2,772 and the \$10,000 bank loan.

3. Loan Activity

As set forth at 2 U.S.C. § 441b(a), corporations and labor organizations are prohibited from making a contribution or expenditure in connection with a federal election, and political

committees are prohibited from knowingly accepting or receiving any contribution from a corporation or labor organization.

The term "contribution" is defined at 2 U.S.C. § 431(8)(A) to include a loan. Pursuant to 11 C.F.R. § 100.7(a)(1)(i), the term "loan" includes a guarantee, endorsement, and any other form of security.

The evidence in hand demonstrates that during October 1982 the LPFCC obtained a \$10,000 loan directly from the Amalgamated Bank of New York, and that this loan was secured with funds in the non-federal account of the Liberal Party. Based upon the above facts it is the view of this office that the loan at issue constitutes a prohibited contribution to the LPFCC from the non-federal account of the Liberal Party because the loan was secured with funds in the non-federal account. This view also reflects the fact that New York State law permits corporate and labor union contributions in state and local elections, and that the funds contained in the non-federal account would have in part constituted funds prohibited under the Act. Hence, it is the recommendation of this office that the Commission find probable cause to believe the LPFCC and Alan Bailey, as treasurer, violated 2 U.S.C. § 441b(a).

4. Failure to File Reports

Pursuant to 2 U.S.C. § 434(a)(4)(A)(i), a political committee is required to file quarterly reports, in a calendar year in which a regularly scheduled general election is held, no later than the 15th day after the last day of each calendar

quarter, except that the report for the quarter ending on December 31 of such calendar year shall be filed no later than January 31 of the following calendar year.

Pursuant to 2 U.S.C. § 434(a)(4)(A)(iii), a political committee is required to file a post-general election report no later than the 30th day after the general election which shall be complete as of the 20th day after such general election.

As set forth at 2 U.S.C. § 434(a)(4)(A)(iv) a political committee is required to file, in any other calendar year, a report covering the period beginning January 1 and ending June 30 no later than July 31, and a report covering the period beginning July 1 and ending December 31, no later than January 31 of the following calendar year.

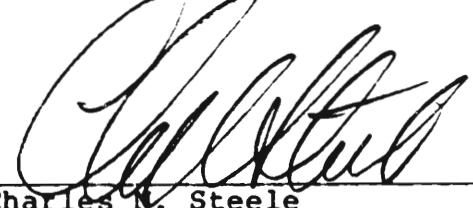
The LPFCC was required to file the 1983 Mid-Year Report by July 31, 1983. The LPFCC filed the 1983 Mid-Year Report on September 19, 1983, 50 days late. In addition, at this writing the LPFCC has failed to file the 1984 April Quarterly, 1984 July Quarterly, 1984 October Quarterly, 1984 Post-General Election, and 1984 Year-End Reports which were due by April 15, 1984, July 15, 1984, October 15, 1984, December 6, 1984, and January 31, 1985, respectively. In view of the LPFCC's failure to file the 1983 Mid-Year Report timely, and failure to file the 1984 April Quarterly, 1984 July Quarterly, 1984 October Quarterly, 1984 Post-General Election, and 1984 Year-End Reports, it is the

recommendation of the Office of the General Counsel that the Commission find probable cause to believe the LPFCC and Alan Bailey, as treasurer, violated 2 U.S.C. § 434(a)(4)(A)(i), (iii), and (iv).

III. General Counsel's Recommendations

1. Find probable cause to believe the Liberal Party Federal Campaign Committee and Alan Bailey, as treasurer, violated 2 U.S.C. § 434(b)(6)(B)(iv).
2. Find probable cause to believe the Liberal Party Federal Campaign Committee and Alan Bailey, as treasurer, violated 2 U.S.C. § 432(c)(5).
3. Take no further action against the Liberal Party Federal Campaign Committee and Alan Bailey, as treasurer, with respect to a violation of 2 U.S.C. § 432(c)(5) relating to a \$2,772 debt and a \$10,000 loan.
4. Find probable cause to believe the Liberal Party Federal Campaign Committee and Alan Bailey, as treasurer, violated 2 U.S.C. § 441b(a).
5. Find probable cause to believe the Liberal Party Federal Campaign Committee and Alan Bailey, as treasurer, violated 2 U.S.C. § 434(a)(4)(A)(i), (iii), and (iv).

10 October 1985
Date


Charles N. Steele
General Counsel



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Patrick W. Giagnacova
Associate Executive Director
Liberal Party of New York State
1560 Broadway
Suite 615
New York, New York 10036

Re: MUR 1739
Liberal Party of New York State

Dear Mr. Giagnacova:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on July 12, 1983, found reason to believe that the Liberal Party of New York State violated 2 U.S.C. § 441b(a), 11 C.F.R. § 106.1(e), and 11 C.F.R. § 102.5(a)(1)(i), and instituted an investigation in this matter. The Commission's findings of July 12, 1983, were in connection with MUR 1528. On September 19, 1984, the Commission found reason to believe the Liberal Party of New York State violated 2 U.S.C. § 441b(a) in connection with MUR 1739. For your information MUR 1528 was merged into MUR 1739 and the entire file in this matter is now identified as MUR 1739.

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 that you submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

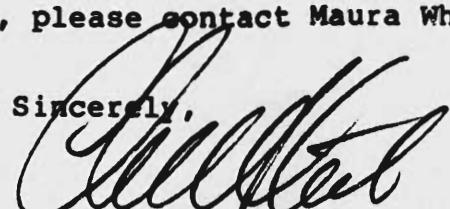
If you are unable to file a responsive brief within 15 days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extensions beyond 20 days.

Letter to Patrick W. Giagnacova
Page 2

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)523-4143.

Sincerely,



Charles N. Steele
General Counsel

Enclosure
Brief

8930407002237

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Liberal Party of New York State) MUR 1739

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

The Liberal Party of New York State ("Liberal Party") is a state party organization. The Liberal Party has a non-federal account, which is unregistered as a federal political committee, and a federal account, the Liberal Party Federal Campaign Committee ("LPFCC").

On July 12, 1983, the Commission determined that there is reason to believe the Liberal Party: violated 11 C.F.R. § 106.1(e) by failing to allocate administrative expenses during 1981 and 1982 between its federal account and its non-federal account; violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 102.5(a)(1)(i) by impermissibly transferring funds (loans totalling \$17,900) from its non-federal account to its federal account during 1981 and 1982; violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 102.5(a)(1)(i) by accepting into its federal account a contribution (\$1,000) from the NYCLP during 1981; and, violated 11 C.F.R. § 102.5(a)(1)(i) by making a disbursement (\$2,772) in connection with a federal election from its non-federal account.^{2/}

^{1/} From 1980 until 1982 the New York County Liberal Party was registered as a county committee of the Liberal Party with the New York State Board of Elections.

^{2/} The above reason to believe findings were contained in MUR 1528. On September 19, 1984, the Commission determined to merge MUR 1528 into MUR 1739.

A response was received from the Liberal Party on September 12, 1983. The response addressed only the findings made by the Commission which concern activity during 1981, and stated that a response relating to 1982 activity would be submitted subsequently. No such response was submitted.

After an audit of the LPFCC was conducted pursuant to 2 U.S.C. § 438(b) the Commission determined on September 19, 1984, that there is reason to believe the Liberal Party violated 2 U.S.C. § 441b(a) by using funds in its non-federal account to secure a bank loan for the LPFCC. Notification of the Commission's finding was mailed to the Liberal Party on September 20, 1984. The Liberal Party did not respond to the Commission's finding.

(A) Allocation of Administrative Expenses

It is the contention of the Liberal Party that it did not fail to allocate administrative expenses during 1981. The response of the Liberal Party notes that the LPFCC's 1981 Year-End Report contains the memo entry "exempt accounting services of Alan A. Bailey."^{3/} According to the Liberal Party's reply, Mr. Bailey "performed his duties from his location," and the memo entry for the accounting services "would cover the general

^{3/} A review of the 1981 Year-End Report filed by the LPFCC has revealed a memo entry of \$1,100 during the fourth quarter of 1981 with respect to exempt accounting services provided by Alan A. Bailey.

administrative cost for 1981" and conclude this question. As stated above, no defense was submitted for the failure to allocate administrative expenses between federal and non-federal accounts during 1982.^{4/}

(B) Loans from the Liberal Party to the LPFCC

The Liberal Party's response with respect to two loans made to the LPFCC during 1981 by the Liberal Party (\$8,600 on March 26, 1981, and \$6,300 on October 22, 1981)^{5/} contains the explanation that the loans were made from the Liberal Party's "main operations account." The response contends that the "\$8,600 loan of March 26, 1981 [was] of funds which would meet the requirements and prohibition of the FEC ostensibly, namely receipts to the Liberal Party in the aggregate of \$10,400 prior to the loan." The response continues that "less than \$2,000 [of the \$10,400] could be objected to as 'federally prohibited', and

^{4/} The 1982 Post-General Election Report of the LPFCC disclosed an expenditure of \$250 for "Petty Cash" related to "Office Expenses" on October 29, 1982. According to the Audit Division, the Assistant Executive Director stated during the audit that this expenditure was for general office expenses, such as supplies and stamps.

^{5/} The 1981 Year-End Report of the LPFCC disclosed loan repayments to the Liberal Party on December 14 and 31, 1981, in the amount of \$6,300 and \$8,600, respectively.

that the loan proceeds were "clearly from amounts not prohibited." The response also asserts that the \$6,300 loan of October 22, 1981, was similarly drawn "from receipts to the Liberal Party totaling some \$85,850 of which some 10 percent could be objected to as 'federally prohibited' but again the loan amount was clearly from proceeds amounts not prohibited." No discussion of the \$3,000 loan to the LPFCC from the Liberal Party during 1982 was contained in the Liberal Party's response, as stated above.^{6/}

(C) Contribution from NYCLP

With respect to the LPFCC's receipt of a \$1,000 contribution from the NYCLP on April 24, 1981, the Liberal Party's reply argues that "[a] review of the books of the New York County Liberal Party reveals contributions from "only non-corporate and non-union contributions." The reply itemizes four contributions deposited into the account of the NYCLP during the period of October 2, 1980, through February 17, 1981, ^{7/} and claims that "[n]one of the contributors to New York County Liberal Party are 'prohibited' contributors hence no 'tainted' funds exist in the New York County account."

^{6/} The LPFCC disclosed the receipt of a \$3,000 loan from the Liberal Party on January 5, 1982. The LPFCC reported the repayment of the loan on June 8, 1982.

^{7/} The following contributions were itemized: \$500 from Leon Bouges, State Senator (October 2, 1980); \$500 from Ted Weiss for Congress (October 10, 1980); \$500 from Friends of Dick Gettfried (December 24, 1980); and \$500 from the Committee to Re-elect Charles Rangel (February 17, 1981).

(D) Disbursement for "Print Ad"

The 1982 Year-End Report of the LPFCC disclosed an obligation of \$2,772 to the Liberal Party as "reimbursement for print ads for campaign." The Commission determined that the above transaction violated 11 C.F.R. § 102.5(a)(1)(i) because it appeared that a disbursement was made by the Liberal Party in connection with a federal election from other than its federal account. The Liberal Party did not respond to the Commission's finding. In response to an order issued to the LPFCC on September 20, 1984, the LPFCC stated that the disbursement "[e]ntirely related to an expenditure on behalf of a federal candidate," Daniel Moynihan.

(E) Bank Loan secured with non-federal funds

The LPFCC disclosed the receipt of a \$10,000 loan from the Amalgamated Bank of New York on October 20, 1982. The loan was reported as due on December 3, 1982.^{8/} During an audit of the LPFCC conducted pursuant to 2 U.S.C. § 438(b), the Associate Executive Director of the Liberal Party stated that the above loan constituted a portion of a \$40,000 loan from the Amalgamated Bank of New York which was secured by the treasurer with funds in the non-federal account. At the time of the Commission's September 19, 1984, reason to believe finding concerning the

^{8/} The loan remained outstanding until March 7, 1983. The LPFCC's 1983 Mid-Year Report disclosed that the loan was repaid by the LPFCC in two installments: a \$5,000 disbursement to the Amalgamated Bank of New York on January 7, 1983; and, a \$5,000 debit on March 7, 1983, against the funds in the non-federal account. The debit in turn was disclosed as a loan to the LPFCC from the non-federal account.

above loan it was not known whether the loan passed through the non-federal account, but it appeared that the loan was received by the LPFCC through a bank credit. In response to the Commission's order, the LPFCC stated that the loan was received by the LPFCC directly from the Amalgamated Bank of New York rather than through the Liberal Party's non-federal account. According to the LPFCC, the loan proceeds were "directly credited" to the LPFCC's account.

II. Legal Analysis

(A) Allocation of Administrative Expenses

Title 11 of the Code of Federal Regulations, at § 106.1(e) requires party committees, which have established federal campaign committees, to allocate administrative expenses on a reasonable basis between their federal and non-federal accounts in proportion to the amount of funds expended on federal and non-federal elections, or on another reasonable basis.

Although the response of the Liberal Party asserts that the administrative expenses attributable to the LPFCC during 1981 are encompassed under the exempt accounting services provided by one individual^{9/}, it is the view of this office that the Liberal

9/ Pursuant to 11 C.F.R. § 100.7(b)(13), legal or accounting services rendered to or on behalf of any political committee of a political party are not contributions if the person paying for such services is the regular employer of the individual rendering the services and such services are not attributable to activities which directly further the election of any designated candidate for federal office.

Party nonetheless failed to allocate administrative expenses. Despite the apparent fact that the accounting services were provided at a location other than that of the Liberal Party, the LPFCC did share the same address as the Liberal Party during 1981-1982 according to reports filed by the LPFCC. Hence, the presumption exists that certain facilities of the Liberal Party, such as the telephone, were utilized on behalf of the LPFCC. The LPFCC has not contested this presumption.^{10/} Even though the extent of the utilization may be minimal, the allocation of administrative expenses is required. As to the allocation of administrative expenses during 1982, the reports filed by the LPFCC with the Commission do not reflect any payments to the Liberal Party for general administrative expenses (or to any individual for exempt accounting services), and the Liberal Party has not responded to the Commission's reason to believe finding concerning this issue.^{11/} In view of the foregoing, it is the recommendation of the Office of the General Counsel that the Commission find probable cause to believe the Liberal Party

^{10/} Administrative expenses were also not allocated between the federal and non-federal accounts for the period of February 14, 1980, through December 31, 1980. Subsequent to an audit pursuant to 2 U.S.C. § 438(b) the LPFCC reported a disbursement of \$825 to the Liberal Party for administrative expenses in 1980.

^{11/} During 1981-1982 the LPFCC reported disbursements totalling \$57,963. In addition, during 1981-1982 the LPFCC did not report any contributions to federal candidates.

violated 11 C.F.R. § 106.1(e) by failing to allocate administrative expenses between its non-federal account and the LPFCC during 1981 and 1982.

(B) Federal and Non-Federal Account Activity

Title 11 of the Code of Federal Regulations, at § 102.5

(a)(1)(i), provides that only funds subject to the prohibitions and limitations of the Act may be deposited into the federal account of an organization that finances activity in connection with federal and non-federal elections; that all disbursements, contributions, expenditures, and transactions by the organization in connection with any federal election shall be made from its federal account; and, that no transfers may be made to such federal account from any other accounts maintained by the organization for the purpose of financing activity in connection with non-federal elections.

As set forth at 2 U.S.C. § 441b(a), corporations and labor organizations are prohibited from making a contribution or expenditure in connection with a federal election, and political committees are prohibited from knowingly accepting or receiving any contribution from a corporation or labor organization.

The term "contribution" is defined at 2 U.S.C. § 431(8)(A) to include a loan. Pursuant to 11 C.F.R. § 100.7(a)(1)(i), the term "loan" includes a guarantee, endorsement, and any other form of security.

Under 11 C.F.R. § 102.5(b) an organization that makes contributions or expenditures but does not qualify as a political committee under the Act shall either: (i) establish a separate account to which only funds subject to the prohibitions and limitations of the Act shall be deposited and from which contributions and expenditures shall be made, or (ii) demonstrate through a reasonable accounting method that whenever such organization makes a contribution or expenditure, that organization has received sufficient funds subject to the limitations and prohibitions of the Act to make such contribution or expenditure.

(1) Loans from the Liberal Party to the LPFCC

The argument put forth by the Liberal Party that it did not violate 11 C.F.R. § 102.5(a)(1)(i) and 2 U.S.C. § 441b(a) by making two loans to the LPFCC during 1981 is without merit in the view of this office. The Liberal Party's contention that it had received sufficient permissible funds to make the loans in question ignores the fact that the Commission's regulation at 11 C.F.R. § 102.5(a)(1)(i) specifically prohibits the transfer of funds from an organization's non-federal account into its federal account, and further provides that only funds subject to the prohibitions and limitations of the Act may be deposited into the federal account. Because the Liberal Party's federal account, the LPFCC, is a political committee under the Act, the provisions of 11 C.F.R. § 102.5(b) which permit organizations that are not political committees to make contributions provided that they demonstrate that sufficient funds subject to the limitations and

prohibitions of the Act were received, are not applicable to the instant loans.

The existence of the restriction on transfers between organizations that finance activity in both federal and non-federal elections (11 C.F.R. § 102.5(a)) is a consequence of the Commission's regulations at 11 C.F.R. § 102.5(a)(2), which provides that a state party organization which finances political activity in connection with both federal and non-federal elections, such as the Liberal Party, may deposit into its federal account only those contributions that are designated for the federal account, those that result from a solicitation which expressly states that the contribution will be used in connection with a federal election; and, those that are from contributors who are informed that all contributions are subject to the prohibitions and limitations of the Act. By transferring funds from its non-federal account into its federal account the Liberal Party did not adhere to the requirements of 11 C.F.R. § 102.5(a)(1)(i), in the view of this office. Moreover, the funds that were transferred to the federal account constituted commingled funds in violation of 2 U.S.C. § 441b(a).^{12/} Hence, it

^{12/} Corporate and labor union contributions are permissible for use in state election campaigns under New York State law. Thus, the presumption exists that the monies contained in the non-federal account would be comprised in part of corporate and labor union contributions.

is the recommendation of the Office of the General Counsel that the Commission find probable cause to believe the Liberal Party violated 11 C.F.R. § 102.5(a)(1)(i) and 2 U.S.C. § 441b(a) by transferring funds from its non-federal account into its federal account during 1981.

As no response has been submitted by the Liberal Party concerning the \$3,000 loan it made to the LPFCC during 1982, it is the recommendation of the Office of the General Counsel that the Commission find probable cause to believe the Liberal Party violated 11 C.F.R. § 102.5(a)(1)(i) and 2 U.S.C. § 441b(a) by transferring funds (\$3,000) from its non-federal account into its federal account during 1982.

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(2) Receipt of a Contribution from the NYCLP

The Liberal Party's assertion that it did not violate 2 U.S.C. § 441b(a) and 11 C.F.R. § 102.5(a)(1)(i) by accepting a contribution from the NYCLP is equally unconvincing, in the view of this office. The Liberal Party maintains that its review of the records of the NYCLP demonstrate that the NYCLP received sufficient funds subject to the prohibitions of the Act to make the contribution at issue. The information submitted in its defense, however, does not support such a contention (see footnote 7 supra). Of the four sources of monies in the NYCLP's account, only one, "Leon Bouges, State Senator" appears to constitute a permissible source for the contribution. The second source, "Friends of Dick Gettfried," is a New York state election campaign committee 13/ whose account may have contained, in whole

13/ According to the New York State Board of Elections, Dick Gettfried was a candidate for the New York Assembly during 1980.

or in part, corporate and union contribution monies because such are permitted under New York State law. Although the two remaining sources, "Ted Weiss for Congress" and the "Committee to Re-elect Charles Rangel," are federal political committees, it is this office's view that the NYCLP did not have funds in its account from these two committees that it could contribute to the LPFCC. Inasmuch as the reported purpose of the disbursements to the NYCLP by the two federal committees was for "petitions 14/", the NYCLP would have expended the monies for just such a purpose and, therefore, the monies cannot be considered to have been available for donation to the LPFCC by the NYCLP. In view of the foregoing, it does not seem that the NYCLP received sufficient funds subject to the prohibitions of the Act to make a \$1,000 contribution to the LPFCC. It is, therefore, the recommendation of the Office of the General Counsel that the Commission find probable cause to believe the Liberal Party violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 102.5(a)(1)(i) by accepting a contribution into its federal account from the NYCLP during 1981.

(3) Disbursement for "Print Ads"

As to the LPFCC's obligation of \$2,772 to the Liberal Party for "print ads" the evidence in this matter demonstrates that the print ads were on behalf of Daniel Moynihan, a federal candidate. Hence, the funds in the non-federal account of the Liberal

14/ The Committee to Re-elect Congressman Charles Rangel reported a disbursement of \$500 to the New York County Liberal Party on February 11, 1981, for "petitions." The Ted Weiss for Congress Committee reported a disbursement to the Liberal Party on October 8, 1980, for "petition printing."

Party were used to pay for advertisements on behalf of a federal candidate. In view of this circumstance it is the recommendation of this office that the Commission find probable cause to believe the Liberal Party violated 11 C.F.R. § 102.5(a)(1)(i) by making a disbursement in connection with a federal election from other than its federal account. In addition, because New York State law permits corporate and labor union contributions in state and local elections, we are also recommending that the Commission find probable cause to believe the Liberal Party violated

2 U.S.C. § 441b(a) in connection with the above transaction.^{15/}

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(4) Bank loan secured with non-federal funds

The evidence in hand in this matter reveals that during 1982 the LPFCC received a \$10,000 loan directly from the Amalgamated Bank of New York and that the loan was secured with funds in the Liberal Party's non-federal account. Because the term "contribution" includes any form of security for a loan, and the Liberal Party's non-federal account would contain funds prohibited under the Act, it is this office's recommendation that the Commission find probable cause to believe the Liberal Party violated 2 U.S.C. § 441b(a) by making a prohibited contribution to the LPFCC from its non-federal account.

III. General Counsel's Recommendations

1. Find probable cause to believe the Liberal Party of New York State violated 11 C.F.R. § 106.1(e) by failing to allocate

^{15/} In MUR 1528 (see footnote 2) the LPFCC acknowledged that during at least 1981 the non-federal account contained funds which the Commission would find "objectionable."

administrative expenses between its non-federal account and its federal account, the Liberal Party Federal Campaign Committee, during 1981 and 1982.

2. Find probable cause to believe the Liberal Party of New York State violated 2 U.S.C. § 44lb(a) and 11 C.F.R. § 102.5(a)(1)(i) by transferring funds (\$17,900) from its non-federal account into its federal account, the Liberal Party Federal Campaign Committee, during 1981 and 1982.

3. Find probable cause to believe the Liberal Party of New York State violated 2 U.S.C. § 44lb(a) and 11 C.F.R. § 102.5(a)(1)(i) by the acceptance of a contribution from the New York County Liberal Party into its federal account, the Liberal Party Federal Campaign Committee, during 1981.

4. Find probable cause to believe the Liberal Party of New York State violated 11 C.F.R. § 102.5(a)(1)(i) and 2 U.S.C. § 44lb(a) by making a disbursement in connection with a federal election from other than its federal account.

5. Find probable cause to believe the Liberal Party of New York State violated 2 U.S.C. § 44lb(a) by making a contribution from its non-federal account to its federal account, the Liberal Party Federal Campaign Committee, during 1982 in the form of security for a bank loan.

10 October 1985

Date


Charles N. Steele
General Counsel



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 19, 1985

Michael Van Blake
County Secretary
New York County Liberal Party
1560 Broadway
New York, New York 10036

Re: MUR 1739
New York County Liberal Party

Dear Mr. Van Blake:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on July 12, 1983, found reason to believe that the New York County Liberal Party violated 2 U.S.C. § 441b(a) and instituted an investigation in this matter. After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe a violation has occurred. This matter, formerly known as MUR 1528, is now identified as MUR 1739.

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 that you 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.

Letter to Michael Van Blake
Page 2

Should you have any questions, please contact Maura White,
at (202)523-4143.

Sincerely,


Charles N. Steele
General Counsel

Enclosure
Brief

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
New York County Liberal Party) MUR 1739

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

The New York County Liberal Party ("NYCLP") was registered as a county committee of the Liberal Party with the New York State Board of Elections from 1980 until 1982. The NYCLP is not registered as a federal political committee with the Federal Election Commission.

On July 12, 1983, the Commission determined that because corporate and unions monies are permissible in state election campaigns under New York State law there is reason to believe the NYCLP violated 2 U.S.C. § 441b(a) by making a \$1,000 contribution to the Liberal Party Federal Campaign Committee ("LPFCC"), a federal political committee^{1/}.

Notification of the Commission's finding and interrogatories were mailed to the NYCLP on July 15, 1983.^{2/} At this writing no response has been received from the NYCLP.

^{1/} The LPFCC reported the receipt of a \$1,000 contribution from the NYCLP on April 24, 1981.

^{2/} The LPFCC was notified of this finding in the context of MUR 1528. MUR 1528 was merged into MUR 1739 on September 19, 1984. Hence, the instant matter is now referred to as MUR 1739.

During the course of this investigation information was provided to the Commission by the Liberal Party of New York State ("Liberal Party"). According to the Liberal Party, its review of the books of the NYCLP revealed the receipt of contributions from "only non-corporate and non-union contribut[ors]" during the period in question. The Liberal Party represents that four contributions were deposited into the account of the NYCLP during the period of October 2, 1980, through February 17, 1981, and that "[n]one of the contributors to the [NYCLP] are 'prohibited' contributors and hence no 'tainted' funds exist in the New York County account."^{3/}

II. Legal Analysis

As set forth at 2 U.S.C. § 441b(a), corporations and labor organizations are prohibited from making a contribution or expenditure in connection with a federal election.

Under 11 C.F.R. § 102.5(b) an organization that is not a political committee under the Act, but which makes contributions or expenditures, shall either: (i) establish a separate account into which only funds subject to the prohibitions and limitations of the Act shall be deposited and from which contributions or

^{3/} The following contributions were itemized by the Liberal Party: \$500 from Leon Bouges, State Senator (October 2, 1980); \$500 from Ted Weiss for Congress (October 10, 1980); \$500 from Friends of Dick Gettfried (December 24, 1980); and \$500 from the Committeee to Re-elect Charles Rangel (February 17, 1981).

expenditures shall be made. Such organizations shall keep records of deposits to and disbursements from such account and, upon request shall make such records available for examination by the Commission, or (ii) demonstrate through a reasonable accounting method that whenever such organization makes a contribution or expenditure, that organization has received sufficient funds subject to the limitations and prohibitions of the Act to make such contribution or expenditure. Such organization shall keep records of amounts received or expended under this subsection and, upon request, shall make such records available for examination by the Commission.

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The NYCLP may contribute to a federal political committee pursuant to 11 C.F.R. § 102.5(b), but it may only contribute funds that are permissible under the Act. Contrary to the contention of the Liberal Party, the information provided to the Commission indicates that the NYCLP did not have sufficient permissible funds in its account during 1981 to make a \$1,000 contribution to the LPFCC, in the view of the Office of the General Counsel.

Of the four sources of monies represented to be in the account of the NYCLP, only one, "Leon Bouges, State Senator" appears to constitute a permissible source for the contribution under the Act. The second source, "Friends of Dick Gettfried," is a New York state election campaign committee 3/ whose account may have contained, in whole or in part, corporate and

3/ According to the New York State Board of Elections, Dick Gettfried was a candidate for the New York Assembly during 1980.

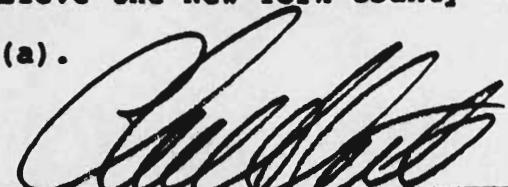
union contribution monies as such are permitted under New York State law. Although the two remaining sources, "Ted Weiss for Congress" and the "Committee to Re-elect Charles Rangel," are federal political committees, it is this office's view that the NYCLP did not have funds from these two committees in its account that it could contribute to the LPFCC. Inasmuch as the reported purpose of the disbursements to the NYCLP by the two federal committees was for "petitions" ^{4/}, the NYCLP would have expended the monies for just such a purpose. Hence, the monies cannot be considered to have been available for donation to the LPFCC by the NYCLP. In view of the foregoing, and the fact that the NYCLP has not submitted a response to the Commission's reason to believe finding, there is no evidence that the NYCLP received sufficient funds subject to the prohibitions of the Act to make a \$1,000 contribution to the LPFCC. It is, therefore, the recommendation of the Office of the General Counsel that the Commission find probable cause to believe the NYCLP violated 2 U.S.C. § 441b(a) by contributing to the LPFCC during 1981.

^{4/} The Committee to Re-elect Congressman Charles Rangel reported a disbursement of \$500 to the New York County Liberal Party on February 11, 1981, for "petitions." The Ted Weiss for Congress Committee reported a disbursement to the Liberal Party on October 8, 1980, for "petition printing."

III. General Counsel's Recommendation

Find probable cause to believe the New York County Liberal
Party violated 2 U.S.C. § 441b(a).

10 October 1985
Date


Charles N. Steele
General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 20, 1985

New York County Liberal Party
1560 Broadway
New York, New York 10036

Re: MUR 1739
New York County Liberal Party

Dear Sir or Madam:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on July 12, 1983, found reason to believe that the New York County Liberal Party violated 2 U.S.C. § 441b(a) and instituted an investigation in this matter. After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe a violation has occurred. This matter, formerly known as MUR 1528, is now identified as MUR 1739.

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 that you 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.

Letter to New York County Liberal Party
Page 2

Should you have any questions, please contact Maura White,
at (202) 523-4143.

Sincerely,


Charles N. Steele
General Counsel

Enclosure
Brief

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

New York County Liberal Party

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MUR 1739

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

The New York County Liberal Party ("NYCLP") was registered as a county committee of the Liberal Party with the New York State Board of Elections from 1980 until 1982. The NYCLP is not registered as a federal political committee with the Federal Election Commission.

On July 12, 1983, the Commission determined that because corporate and unions monies are permissible in state election campaigns under New York State law there is reason to believe the NYCLP violated 2 U.S.C. § 441b(a) by making a \$1,000 contribution to the Liberal Party Federal Campaign Committee ("LPFCC"), a federal political committee^{1/}.

Notification of the Commission's finding and interrogatories were mailed to the NYCLP on July 15, 1983.^{2/} At this writing no response has been received from the NYCLP.

^{1/} The LPFCC reported the receipt of a \$1,000 contribution from the NYCLP on April 24, 1981.

^{2/} The LPFCC was notified of this finding in the context of MUR 1528. MUR 1528 was merged into MUR 1739 on September 19, 1984. Hence, the instant matter is now referred to as MUR 1739.

During the course of this investigation information was provided to the Commission by the Liberal Party of New York State ("Liberal Party"). According to the Liberal Party, its review of the books of the NYCLP revealed the receipt of contributions from "only non-corporate and non-union contribut[ors]" during the period in question. The Liberal Party represents that four contributions were deposited into the account of the NYCLP during the period of October 2, 1980, through February 17, 1981, and that "[n]one of the contributors to the [NYCLP] are 'prohibited' contributors and hence no 'tainted' funds exist in the New York County account."^{3/}

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II. Legal Analysis

As set forth at 2 U.S.C. § 441b(a), corporations and labor organizations are prohibited from making a contribution or expenditure in connection with a federal election.

Under 11 C.F.R. § 102.5(b) an organization that is not a political committee under the Act, but which makes contributions or expenditures, shall either: (i) establish a separate account into which only funds subject to the prohibitions and limitations of the Act shall be deposited and from which contributions or

^{3/} The following contributions were itemized by the Liberal Party: \$500 from Leon Bouges, State Senator (October 2, 1980); \$500 from Ted Weiss for Congress (October 10, 1980); \$500 from Friends of Dick Gettfried (December 24, 1980); and \$500 from the Committee to Re-elect Charles Rangel (February 17, 1981).

expenditures shall be made. Such organizations shall keep records of deposits to and disbursements from such account and, upon request shall make such records available for examination by the Commission, or (ii) demonstrate through a reasonable accounting method that whenever such organization makes a contribution or expenditure, that organization has received sufficient funds subject to the limitations and prohibitions of the Act to make such contribution or expenditure. Such organization shall keep records of amounts received or expended under this subsection and, upon request, shall make such records available for examination by the Commission.

The NYCLP may contribute to a federal political committee pursuant to 11 C.F.R. § 102.5(b), but it may only contribute funds that are permissible under the Act. Contrary to the contention of the Liberal Party, the information provided to the Commission indicates that the NYCLP did not have sufficient permissible funds in its account during 1981 to make a \$1,000 contribution to the LPFCC, in the view of the Office of the General Counsel.

Of the four sources of monies represented to be in the account of the NYCLP, only one, "Leon Bouges, State Senator" appears to constitute a permissible source for the contribution under the Act. The second source, "Friends of Dick Gettfried," is a New York state election campaign committee 3/ whose account may have contained, in whole or in part, corporate and

3/ According to the New York State Board of Elections, Dick Gettfried was a candidate for the New York Assembly during 1980.

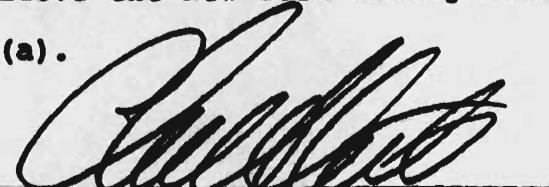
union contribution monies as such are permitted under New York State law. Although the two remaining sources, "Ted Weiss for Congress" and the "Committee to Re-elect Charles Rangel," are federal political committees, it is this office's view that the NYCLP did not have funds from these two committees in its account that it could contribute to the LPFCC. Inasmuch as the reported purpose of the disbursements to the NYCLP by the two federal committees was for "petitions" ^{4/}, the NYCLP would have expended the monies for just such a purpose. Hence, the monies cannot be considered to have been available for donation to the LPFCC by the NYCLP. In view of the foregoing, and the fact that the NYCLP has not submitted a response to the Commission's reason to believe finding, there is no evidence that the NYCLP received sufficient funds subject to the prohibitions of the Act to make a \$1,000 contribution to the LPFCC. It is, therefore, the recommendation of the Office of the General Counsel that the Commission find probable cause to believe the NYCLP violated 2 U.S.C. § 441b(a) by contributing to the LPFCC during 1981.

^{4/} The Committee to Re-elect Congressman Charles Rangel reported a disbursement of \$500 to the New York County Liberal Party on February 11, 1981, for "petitions." The Ted Weiss for Congress Committee reported a disbursement to the Liberal Party on October 8, 1980, for "petition printing."

III. General Counsel's Recommendation

Find probable cause to believe the New York County Liberal
Party violated 2 U.S.C. § 441b(a).

10 October 1985
Date


Charles N. Steele
General Counsel

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BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of)

Liberal Party of New York State;)
Liberal Party Federal Campaign)
Committee; Alan Bailey, as)
treasurer; New York County Liberal)
Party)

MUR 1739 22 MAR 4 P 4: 32

EXECUTIVE SESSION

GENERAL COUNSEL'S REPORT

MAR 11 1986

I. BACKGROUND

On October 11, 1985, General Counsel's Briefs were mailed to the Liberal Party of New York State ("Liberal Party"), Liberal Party Federal Campaign Committee ("LPFCC") and Alan Bailey, as treasurer, and the New York County Liberal Party. The General Counsel's Brief to the New York County Liberal Party was subsequently returned to the Commission with the notation that Michael Van Blake was no longer County Secretary. The Brief was then remailed to the New York County Liberal Party, without reference to a county secretary, but was "refused" and returned to the Commission. This office then contacted the Liberal Party by telephone and was advised that although such was technically the correct address for the New York County Liberal Party, the identity of the responsible persons was unknown.^{1/} Based upon this information the General Counsel's Brief was remailed on

^{1/} The New York State Board of Elections advised this office by telephone that they no longer had a record of the New York County Liberal Party. The Manhattan borough of the New York County Board of Elections could not provide the name of any officer of the New York County Liberal Party, citing the conflict within the party structure. The Manhattan borough also confirmed that the New York County Liberal Party had been located at the Liberal Party's address.

December 20, 1985. On January 9, 1986, the brief was returned with the notation "not at this address"; the Postal Service also marked the envelope "addressee unknown." During a telephone conversation with staff of this office on January 23, 1986, the Liberal Party's Associate Executive Director stated that the New York County Liberal Party was no longer located at the Liberal Party's offices, and that the whereabouts of the committee, or its officers, if any, were not known.

To date, no response to the General Counsel's Briefs has been received from the Liberal Party or the LPFCC.

II. Legal Analysis

As stated above, neither the Liberal Party of New York State nor the LPFCC and Alan Bailey, as treasurer, have responded to the General Counsel's Briefs. Hence, the legal analysis of this matter remains the same. It is, therefore, the recommendation of this office that the Commission adopt the recommendations set forth in the General Counsel's Briefs to these respondents.

With respect to the New York County Liberal Party, this office notes that a substantial amount of resources would have to be expended to locate and serve the responsible parties with the General Counsel's Brief. The New York County Liberal Party must be provided with the brief and an opportunity to respond to its recommendation before the Commission makes a determination as to whether there is probable cause to believe a violation occurred. This office further notes that the prohibited portion of the

contribution at issue is a relatively small amount (\$500). Thus, for the foregoing reasons it is the recommendation of this office that the Commission take no further action against the New York County Liberal Party and close the file as it pertains to this entity.

III. Discussion of Conciliation and Civil Penalties

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IV. Recommendations

1. Find probable cause to believe the Liberal Party of New York State violated 11 C.F.R. § 106.1(e) by failing to allocate administrative expenses between its non-federal account and its federal account, the Liberal Party Federal Campaign Committee, during 1981 and 1982.
2. Find probable cause to believe the Liberal Party of New York State violated 2 U.S.C. § 44lb(a) and 11 C.F.R. § 102.5(a)(1)(i) by transferring funds (\$17,900) from its non-federal account into its federal account, the Liberal Party Federal Campaign Committee, during 1981 and 1982.

3. Find probable cause to believe the Liberal Party of New York State violated 2 U.S.C. § 44lb(a) and 11 C.F.R. § 102.5(a)(1)(i) by the acceptance of a contribution from the New York County Liberal Party into its federal account, the Liberal Party Federal Campaign Committee, during 1981.

4. Find probable cause to believe the Liberal Party of New York State violated 11 C.F.R. § 102.5(a)(1)(i) and 2 U.S.C. § 44lb(a) by making a disbursement in connection with a federal election from other than its federal account.

5. Find probable cause to believe the Liberal Party of New York State violated 2 U.S.C. § 44lb(a) by making a contribution from its non-federal account to its federal account, the Liberal Party Federal Campaign Committee, during 1982 in the form of security for a bank loan.

6. Find probable cause to believe the Liberal Party Federal Campaign Committee and Alan Bailey, as treasurer, violated 2 U.S.C. § 434(b)(6)(B)(iv) by failing to itemize correctly seven expenditures.

7. Find probable cause to believe the Liberal Party Federal Campaign Committee and Alan Bailey, as treasurer, violated 2 U.S.C. § 432(c)(5) relating to three expenditures on behalf of Daniel Moynihan.

8. Take no further action against the Liberal Party Federal Campaign Committee and Alan Bailey, as treasurer, with respect to a violation of 2 U.S.C. § 432(c)(5) relating to a \$2,772 debt to the Liberal Party of New York State and a \$10,000 loan.

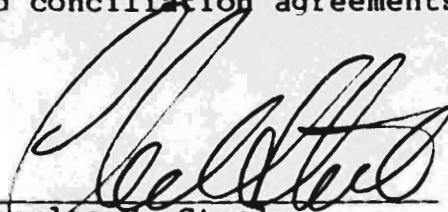
9. Find probable cause to believe the Liberal Party Federal Campaign Committee and Alan Bailey, as treasurer, violated 2 U.S.C. § 44lb(a) by accepting a contribution from the non-federal account of the Liberal Party of New York State in the form of security for a \$10,000 bank loan.

10. Find probable cause to believe the Liberal Party Federal Campaign Committee and Alan Bailey, as treasurer, violated 2 U.S.C. § 434(a)(4)(A)(i), (iii), and (iv).

11. Take no further action against the New York County Liberal Party, and close the file as it pertains to the New York County Liberal Party.

12. Approve the attached letters and conciliation agreements.^{2/}

4 March 1986
Date


Charles N. Steele
General Counsel

Attachments
1 - Letters (2) and proposed agreements

^{2/} A letter to the New York County Liberal Party advising them of the Commission's determination has not been prepared because there is no known address for this entity.

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

Liberal Party of New York State;)
Liberal Party Federal Campaign) MUR 1739
Committee; Allan Bailey, as)
treasurer;)
New York County Liberal Party)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the
Federal Election Commission executive session of March 11,
1986, do hereby certify that the Commission decided by a
vote of 5-0 to take the following actions in MUR 1739:

1. Find probable cause to believe the Liberal Party of New York State violated 11 C.F.R. § 106.1(e) by failing to allocate administrative expenses between its non-federal account and its federal account, the Liberal Party Federal Campaign Committee, during 1981 and 1982.
2. Find probable cause to believe the Liberal Party of New York State violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 102.5(a)(1)(i) by transferring funds (\$17,900) from its non-federal account into its federal account, the Liberal Party Federal Campaign Committee, during 1981 and 1982.
3. Find probable cause to believe the Liberal Party of New York State violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 102.5(a)(1)(i) by the acceptance of a contribution from the New York County Liberal Party into its federal account, the Liberal Party Federal Campaign Committee, during 1981.

(continued)

4. Find probable cause to believe the Liberal Party of New York State violated 11 C.F.R. § 102.5(a)(1)(i) and 2 U.S.C. § 441b(a) by making a disbursement in connection with a federal election from other than its federal account.

5. Find probable cause to believe the Liberal Party of New York State violated 2 U.S.C. § 441b(a) by making a contribution from its non-federal account to its federal account, the Liberal Party Federal Campaign Committee, during 1982 in the form of security for a bank loan.

6. Find probable cause to believe the Liberal Party Federal Campaign Committee and Alan Bailey, as treasurer, violated 2 U.S.C. § 434(b)(6)(B)(iv) by failing to itemize correctly seven expenditures.

7. Find probable cause to believe the Liberal Party Federal Campaign Committee and Alan Bailey, as treasurer, violated 2 U.S.C. § 432(c)(5) relating to three expenditures on behalf of Daniel Moynihan.

8. Take no further action against the Liberal Party Federal Campaign Committee and Alan Bailey, as treasurer, with respect to a violation of 2 U.S.C. § 432(c)(5) relating to a \$2,772 debt to the Liberal Party of New York State and a \$10,000 loan.

9. Find probable cause to believe the Liberal Party Federal Campaign Committee and Alan Bailey, as treasurer, violated 2 U.S.C. § 441b(a) by accepting a contribution from the non-federal account of the Liberal Party of New York State in the form of security for a \$10,000 bank loan.

(continued)

10. Find probable cause to believe the Liberal Party Federal Campaign Committee and Alan Bailey, as treasurer, violated 2 U.S.C. §§434(a)(4)(A)(i), (iii), and (iv).
11. Take no further action against the New York County Liberal Party, and close the file as it pertains to the New York County Liberal Party.
12. Approve the letters and conciliation agreements attached to the General Counsel's report dated March 4, 1986.

Commissioners Aikens, Elliott, Harris, Josefiak, and McDonald voted affirmatively for the decision; Commissioner McGarry was not present at the time of the vote.

Attest:

3-12-86

Date

Maryanne W. Emmons

Marjorie W. Emmons
Secretary of the Commission



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 24, 1986

Patrick W. Giagnacova
Associate Executive Director
Liberal Party of New York State
1560 Broadway
Suite 615
New York, New York 10036

Re: MUR 1739
Liberal Party of New York
State

Dear Mr. Giagnacova:

On March 11, 1986, the Commission determined that there is probable cause to believe the Liberal Party of New York State violated 2 U.S.C. § 441b(a), and 11 C.F.R. § 106.1(e) and § 102.5(a)(1)(i) in connection with: failure to allocate administrative expenses during 1981-1982 between the non-federal account and the federal account, the Liberal Party Federal Campaign Committee ("LPFCC"); the transfer of funds totalling \$17,900 from the non-federal account to the federal account, LPFCC, during 1981 and 1982; the acceptance during 1981 of a contribution from the New York County Liberal Party into the federal account, LPFCC; the making of a \$2,772 disbursement in connection with a federal election from other than the federal account; and, the making of a contribution from the non-federal account to the federal account, LPFCC, during 1982 in the form of security for a bank loan.

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.

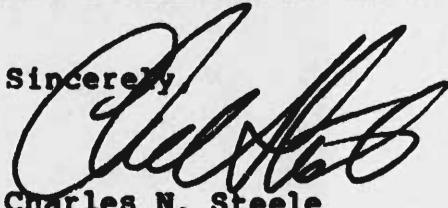
We enclose a conciliation agreement that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it along with the civil penalty to the Commission within ten days. I will then recommend that

Letter to Patrick W. Giagnacova
Page 2

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 Callaway at (202) 376-5690.

Sincerely,



Charles N. Steele
General Counsel

Enclosure
Conciliation Agreement

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**FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463**

March 24, 1986

Alan Bailey, Treasurer
Liberal Party Federal Campaign
Committee
165 West 46th Street
New York, NY 10036

Re: MUR 1739
Liberal Party Federal
Campaign Committee;
Alan Bailey, as treasurer

Dear Mr. Bailey:

On March 11, 1986, the Commission determined that there is probable cause to believe the Liberal Party Federal Campaign Committee and you, as treasurer, violated 2 U.S.C. § 434(b)(6)(B)(iv), § 432(c)(5), § 441b(a), § 434(a)(4)(A)(i), § 434(a)(4)(A)(iii), and § 434(a)(4)(A)(iv) in connection with the failure to itemize correctly seven expenditures, the failure to keep records and an account with respect to three expenditures, the acceptance of a \$10,000 bank loan which was secured with funds in the non-federal account of the Liberal Party of New York State, the failure to file timely the 1983 Mid-Year Report, and the failure to file five required reports during 1984. Also on March 11, 1986, the Commission determined to take no further action with respect to a violation of 2 U.S.C. § 432(c)(5) relating to a debt of \$2,772 to the Liberal Party of New York State, and a \$10,000 bank loan secured with funds in the non-federal account of the Liberal Party of New York State.

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.

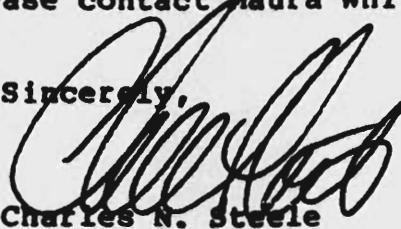
We enclose a conciliation agreement that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it along with the civil penalty to the Commission within ten days. I will then recommend that

Letter to Alan Bailey, Treasurer
Page 2

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 Callaway at (202) 376-5690.

Sincerely,



Charles N. Steele
General Counsel

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Enclosure
Conciliation Agreement



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

September 15, 1986

PRM

Alan Bailey, Treasurer
Liberal Party Federal
Campaign Committee
560 Broadway, Suite 615
New York, New York 10036

RE: MUR 1739
Liberal Party Federal
Campaign Committee; Alan
Bailey, as treasurer

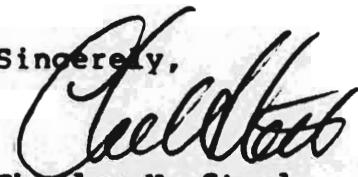
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Dear Mr. Bailey:

You were previously notified that on March 11, 1986, the Federal Election Commission found probable cause to believe that the Liberal Party Federal Campaign Committee and you, as treasurer, violated 2 U.S.C. §§ 441b(a), 434(b)(6)(B)(iv), 432(c)(5), and 434(a)(4)(A)(i), (iii) and (iv), provisions of the Federal Election Campaign Act of 1971, as amended, in connection with the captioned matter. Notification of the Commission's determinations and a proposed conciliation agreement was mailed to you on March 24, 1986.

As a result of our inability to settle this matter through conciliation within the allowable time period, the Commission has authorized the institution of a civil action for relief in the U.S. District Court.

Should you have any questions, or should you wish to settle this matter prior to suit, please contact Ivan Rivera, Assistant General Counsel, at (202) 376-8200, within five days of your receipt of this letter.

Sincerely,


Charles N. Steele
General Counsel



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 15, 1986

Altm

John Klotz, Esquire
Suite 407
217 Broadway
New York, New York 10007

Re: MUR 1739
Liberal Party of New York
State

Dear Mr. Klotz:

Your client, the Liberal Party of New York State, was previously notified that the Commission determined on March 11, 1986, that there is probable cause to believe the Liberal Party of New York State violated 11 C.F.R. §§ 106.1(e) and 102.5(a)(1)(i) and 2 U.S.C. § 441b(a). Notification of the Commission's findings and a proposed conciliation agreement was mailed to your client on March 24, 1986.

Accordingly, as a result of our inability to settle this matter through conciliation within the allowable time period, the Commission has authorized the institution of a civil suit for relief in the United States District Court.

Should you have any questions or should you wish to settle this matter prior to suit, please contact Ivan Rivera, Assistant General Counsel, at (202) 376-8200, within five days of your receipt of this letter.

Sincerely,


Charles N. Steele
General Counsel

JOHN C. KLOTZ
Attorney and Counselor at Law

RECEIVED AT THE FEC
GCC# 1575
86 SEP 22 1986
Suite 407
217 Broadway
New York, New York 10007
(212) 308-1162

September 18, 1986

Ivan Rivera, Esq.
Assistant General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1739
Liberal Party of
New York State

Dear Mr. Rivera:

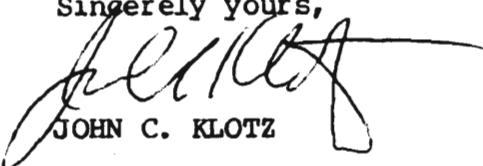
I wish to acknowledge receipt yesterday of a letter dated September 15, 1986 in the above-referenced matter. Last night, Thursday, September 17, 1986, the incumbent State Committee Chairman (Hon. Donald S. Harrington) and Executive Secretary (Hon. James F. Notaro) were defeated for reelection and new officers with whom I have no professional relationship were elected.

It may well be that the new officers will have a different view of this matter and I think it would be in the best interest of the Commission to withhold suit for a short period of time so that they can deal with it.

In the meantime, given the adversary relationship between the individuals who retained me and the newly elected officers, I believe it proper to withdraw my representation of the State Committee of the Liberal Party at this time.

I am forwarding a copy of this letter to the newly appointed Executive Director of the State Committee whose name and address appear below.

Sincerely yours,


JOHN C. KLOTZ

cc Carl F. Grillo
Executive Director
Liberal Party
18 West 56th St.
New York, New York 10019

JCK/bw

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

Settlement Proposal in Federal Election)
Commission v. Liberal Party Federal)
Campaign Committee, and MUR 1739)

) No. 84-Civ-5552 (JMC)
(S.D.N.Y.)

Liberal Party of New York State)
(1983) (Pre-Litigation))

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal
Election Commission, do hereby certify that on March 3,
1988, the Commission decided by a vote of 6-0 to take
the following actions in the above-captioned matter:

1. Accept the signed consent order and conciliation agreement in settlement of the above-captioned matters, as recommended in the General Counsel's memorandum to the Commission dated February 29, 1988.
2. Approve the proposed notification letter to counsel for the Liberal Party of New York State, as recommended in the General Counsel's memorandum to the Commission dated February 29, 1988.

(Continued)

Federal Election Commission
Certification for Settlement Proposal in
FEC v. Liberal Party Federal Campaign Cmte,
No. 84-Civ-5552 (JMC) (S.D.N.Y.) and MUR 1739,
Liberal Party of New York State (1983)
(Pre-Litigation)
March 3, 1988

Page 2

3. Authorize the General Counsel's office to send appropriate letters to the other parties in the underlying MURs, as recommended in the General Counsel's memorandum to the Commission dated February 29, 1988.

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

Attest:

3/3/88

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

Received in the Office of Commission Secretary: Mon., 2-29-88, 1:47
Circulated on 48 hour tally basis: Tues., 3-01-88, 11:00
Deadline for vote: Thurs., 3-03-88, 11:00



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 9, 1988

Raymond B. Harding, Esquire
845 Third Avenue
New York, NY 10022

Re: Federal Election Commission v. Liberal Party
Federal Campaign Committee, No. 84-Civ-
5552(JMC)(S.D.N.Y.), and MUR 1739, In the Matter
of the Liberal Party of New York State (1983)
(Pre-Litigation).

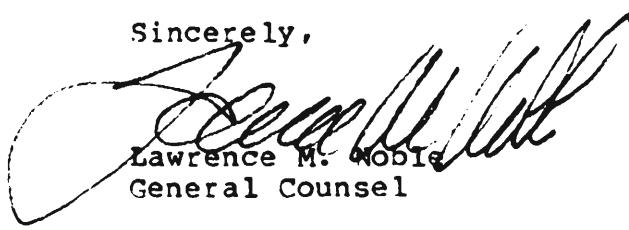
Dear Mr. Harding:

This is to notify you that on March 3, 1988, the Commission voted to accept the signed consent order and conciliation agreement, both of which you previously submitted on behalf of your client, the Liberal Party of New York State, in settlement of the above-captioned matters. Copies of those documents, which have now been executed on behalf of the Commission, are enclosed for your files.

For your information, this concludes the Commission's consideration of these matters. The consent order will now be forwarded to the clerk of the court for filing. Similarly, the conciliation agreement will be forwarded, together with portions of the Commission's permanent file in the two administrative enforcement matters, to the Commission's Public Disclosure Division for placement on the public record. See 11 C.F.R. § 4.4. Should you wish to submit any additional legal or factual materials to be placed on the public record in connection with those matters, please do so within ten days. Such materials should be sent to the Office of the General Counsel.

Thank you again for your cooperation. Should you have any questions, please contact Robert Bonham, the litigation attorney assigned to these matters, at (202) 376-5690.

Sincerely,


Lawrence M. Nobile
General Counsel

Enclosures

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

FEDERAL ELECTION COMMISSION,)
)
 Plaintiff,)
)
v.) 84-Civ-5552 (JMC)
)
LIBERAL PARTY FEDERAL)
CAMPAIGN COMMITTEE,)
)
 Defendant.)
)

FINAL CONSENT ORDER AND JUDGMENT

This action for declaratory, injunctive and other appropriate relief was instituted by the plaintiff Federal Election Commission (the "Commission" or "FEC") pursuant to the express authority granted the Commission by sections 307(a)(6) and 309(a)(6)(A) of the Federal Election Campaign Act of 1971, as amended (the "Act" or "FECA"), codified at 2 U.S.C. §§ 437d(a)(6) and 437g(a)(6)(A), against defendant the Liberal Party Federal Campaign Committee (the "Committee").

This court has original jurisdiction over this suit pursuant to 28 U.S.C. § 1331 as an action brought by an agency of the United States expressly authorized to sue by an Act of Congress. Venue is properly found in the United States District Court for the Southern District of New York in accord with 2 U.S.C. § 437g(a)(6)(A), as the defendant can be found, resides or transacts business in this district.

The parties now agree to entry of this court's judgment and consent to the issuance of this order, as evidenced by the signatures affixed hereto. Defendant assures this court that it

will comply in all respects with the Federal Election Campaign Act of 1971, as amended.

The parties agree the pertinent facts in this matter are as follows:

1. The Liberal Party of New York State ("Liberal Party") is a state party committee which finances political activity in connection with both federal and non-federal elections. The Liberal Party therefore maintains two separate accounts for its funds: a federal account and a non-federal account. The defendant Liberal Party Federal Campaign Committee, which registered with the Commission as a federal political committee on February 25, 1980, is the Liberal Party's federal account.

2. 2 U.S.C. § 441a provides that no political committee that is not either (1) established by a national political party, or (2) a multicandidate committee, shall make contributions to any candidate or his authorized committee exceeding \$1,000.

3. The Liberal Party Federal Campaign Committee is not established by a national political party.

4. 2 U.S.C. § 441a(a)(4) defines "multicandidate committee" as a political committee that has been registered with the Commission for at least six months, has received contributions from more than 50 persons, and has made contributions to five or more candidates.

5. As of October 6, 1980, the Liberal Party Federal Campaign Committee had received contributions from less than 50 persons. The Committee, therefore, was not a multicandidate committee as of that date.

6. Since the defendant Liberal Party Federal Campaign Committee was neither a national party committee nor a multicandidate committee as of October 6, 1980, the Committee was subject to the \$1,000 contribution limit set forth in 2 U.S.C. § 441a(a)(A) as of that date.

7. 2 U.S.C. § 431(8) defines "contribution" to include any gift, subscription, loan, advance or deposit of money, or anything of value made for the purpose of influencing any federal election.

8. 11 C.F.R. § 109.1(c) provides that any expenditure not qualifying as an independent expenditure shall be a contribution in-kind to the candidate or his authorized committee on whose behalf it was made.

9. On October 6, 1980, defendant made a \$5,000 direct contribution to the 1980 National Unity Campaign for John B. Anderson ("Anderson Campaign"). From February 14, 1980 until December 31, 1980, defendant made \$14,149 in expenditures on behalf of the Anderson Campaign that were in-kind contributions pursuant to 2 U.S.C. § 431(17) and 11 C.F.R. § 109.1.

Therefore, it is ORDERED, ADJUDGED AND DECREED:

1. That the Liberal Party Federal Campaign Committee violated 2 U.S.C. § 441a(a)(1)(A) by contributing in excess of \$1,000 to the 1980 National Unity Campaign for John B. Anderson.

2. That the court imposes, and both the Liberal Party of New York State and defendant Liberal Party Federal Campaign Committee agree to pay, a civil penalty in the amount of five thousand dollars, for which the Liberal Party and the defendant

Committee shall be jointly and severally liable. That penalty shall be paid in 10 consecutive monthly installment payments of five hundred dollars (\$500) each, the first of which shall be due thirty days after the Liberal Party satisfies the last of its present outstanding federal and state tax obligations;

3. That the defendant Liberal Party Federal Campaign Committee is permanently enjoined from future violations of the Federal Election Campaign Act of 1971, as amended.

Dated: New York, NY, , 198 .

John M. Canella
United States District Judge

We hereby consent to the entry of the foregoing consent judgment and order.

Lawrence M. Noble
General Counsel

~~Ivan Rivera
Assistant General Counsel~~

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Robert W. Bonham, III
Attorney

Raymond B. Harding
845 Third Avenue
New York, NY 10022
(212) 581-1932

FOR THE
NEW YORK STATE LIBERAL PARTY
AND DEFENDANT LIBERAL PARTY
FEDERAL CAMPAIGN COMMITTEE

FOR THE PLAINTIFF
FEDERAL ELECTION COMMISSION
999 E Street, N.W.
Washington, D.C. 20463
(202) 376-5690

copies to:

**Robert W. Bonham
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463**

and

**Raymond B. Harding
845 Third Avenue
New York NY 10022**

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Liberal Party of New York)
State;) MUR 1739
Liberal Party Federal)
Campaign Committee)

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 both that the respondent Liberal Party of New York State ("Liberal Party") violated 2 U.S.C. § 441b(a), 11 C.F.R. § 106.1(e), and 11 C.F.R. § 102.5(a)(1)(i), and that the respondent Liberal Party Federal Campaign Committee (the "Committee") violated 2 U.S.C. §§ 434(b)(6)(B)(iv), 432(c)(5), 441b(a), 434(a)(4)(A)(i), 434(a)(4)(A)(iii), and 434(a)(4)(iv).

NOW, THEREFORE, the Commission and the Respondents, 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 Respondents, and the subject matter of this proceeding.

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

III. Respondents enter voluntarily into this agreement with the Commission.

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

1. The Liberal Party of New York State is a state party committee that has a non-federal account and a federal account. The federal account, the Liberal Party Federal Campaign Committee, has been registered with the Commission as a federal political committee within the meaning of 2 U.S.C. § 431(4) since February 25, 1980.
2. The Liberal Party of New York State and the Liberal Party Federal Campaign Committee both reside at the same address.
3. The Liberal Party did not allocate administrative expenses between its non-federal account and its federal account, the Liberal Party Federal Campaign Committee, during 1981 and 1982.
4. On March 25, 1981, October 22, 1981, and January 5, 1982, the Liberal Party Federal Campaign Committee reported the receipt of loans of \$8,600, \$6,300, and \$3,000, respectively, from the Liberal Party's non-federal account. The Liberal Party Federal Campaign Committee reported the repayment of \$8,600, \$6,300 and \$3,000 to the Liberal Party's federal account on December 31, 1981, December 14, 1981, and June 8, 1982, respectively.
5. On April 24, 1981, the Liberal Party accepted into its federal account, the Liberal Party Federal Campaign Committee, a \$1,000 contribution from the New York County Liberal Party, a county committee of the Liberal Party that is not registered with the Commission as a federal political committee. At the time the contribution was made, the New York County Liberal Party had not received sufficient funds subject to the prohibitions of the Federal Election Campaign Act of 1971, as amended, to make the above contribution to the Liberal Party Federal Campaign Committee.
6. Between the period of November 23, 1982, and December 31, 1982, the Liberal Party made a disbursement of \$2,772 from its non-federal account for "print ads" on behalf of Daniel P. Moynihan, a federal candidate.
7. On October 20, 1984, the Liberal Party's federal account, the Liberal Party Federal Campaign Committee, obtained a \$10,000 loan from the Amalgamated Bank of New York. The loan was secured with the funds in the Liberal Party's

non-federal account. The Liberal Party Federal Campaign Committee subsequently reported repayment of \$5,000 to the Amalgamated Bank of New York on January 7, 1983, and a \$5,000 debit on March 7, 1982, against the funds in the Liberal Party's non-federal account.

8. On January 20, 1981, and February 6, 1981, the Committee reported expenditures of \$2,500 and \$3,000, respectively, to D.H. Sawyer and Associates for "media expenses." These expenditures were on behalf of Jacob Javits in the 1980 general election but were not reported as being made on behalf of Jacob Javits.

9. On November 5, 1982, and November 15, 1982, the Committee reported expenditures of \$245.50 and \$45.79, respectively to Robert J. Sann and Associates for "advertising." These expenditures were on behalf of Daniel P. Moynihan in the 1982 general election but were not reported as being made on behalf of Daniel P. Moynihan.

10. On October 20, 1982, the Committee reported an expenditure of \$488.88 to New Sounds, Inc. for "radio." The expenditure was on behalf of Daniel P. Moynihan in the 1982 general election but was not reported as being made on behalf of Daniel P. Moynihan. No account, receipt, invoice or cancelled check was maintained for this expenditure.

11. On October 22, 1892, the Committee reported an expenditure of \$9,110.29 to DMT Media for "radio." The expenditure was on behalf of Daniel P. Moynihan in the 1982 general election but was not reported as being made on behalf of Daniel P. Moynihan. No account, receipt, invoice or cancelled check was maintained for this expenditure.

12. On November 1, 1982, the Committee reported an expenditure of \$1,896.37 to Robert J. Sann and Associates for "advertising." The expenditure was on behalf Daniel Moynihan in the 1982 general election but was not reported as being made on behalf of Daniel P. Moynihan. No account, receipt, invoice or cancelled check was maintained for this expenditure.

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13. The Committee disclosed the receipt of a \$10,000 loan from the Amalgamated Bank of New York on October 20, 1982. The loan was secured with funds contained in the non-federal account of the Liberal Party of New York State. The Committee subsequently reported the repayment of \$5,000 to the Amalgamated Bank of New York on January 7, 1983, and a \$5,000 debit on March 7, 1983, against the funds in the non-federal account of the Liberal Party of New York State.
14. The Committee was required to file the 1983 Mid-Year Report by July 31, 1983. The Committee filed this report on September 19, 1983, 50 days late.
15. The Committee was required to file the 1984 April Quarterly Report by April 15, 1984. To date, the Committee has not filed this report.
16. The Committee was required to file the 1984 July Quarterly report by July 15, 1984. To date, the Committee has not filed this report.
17. The Committee was required to file the 1984 October Quarterly Report by October 15, 1984. To date, the Committee has not filed this report.
18. The Committee was required to file the 1984 Post-General Election Report by December 6, 1984. To date, the Committee has not filed this report.
19. The Committee was required to file the 1984 Year-End Report by January 31, 1985. To date, the Committee has not filed this report.

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V. 1. The Liberal Party violated 11 C.F.R. § 106.1(e) by failing to allocate administrative expenses during 1981 and 1982 between its non-federal account and its federal account, the Liberal Party Federal Campaign Committee.

2. The Liberal Party violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 102.5(a)(1)(i) by transferring funds (loans totalling \$17,900) from its non-federal account to its federal account, the Liberal Party Federal Campaign Committee, during 1981 and 1982.

3. The Liberal Party violated 2 U.S.C. § 44lb(a) and 11 C.F.R. § 102.5(a)(1)(i) by accepting into its federal account, the Liberal Party Federal Campaign Committee, a \$1,000 contribution from the New York County Liberal Party.

4. The Liberal Party violated 11 C.F.R. § 102.5(a)(1)(i) and 2 U.S.C. § 441b(a) by making a disbursement of \$2,772 in connection with a federal election from its non-federal account.

5. The Liberal Party violated 2 U.S.C. § 441b(a) by securing a \$10,000 bank loan for its federal account, the Liberal Party Federal Campaign Committee, with funds contained in Liberal Party's non-federal account.

6. The Liberal Party Federal Campaign Committee violated 2 U.S.C. § 434(b)(6)(B)(iv) by failing to report that expenditures totalling \$11,786.83 and \$5,500 were on behalf of Daniel Moynihan and Jacob Javits, respectively, as well as the office sought by those candidates.

7. The Committee violated 2 U.S.C. § 432(c)(5) by failing to keep an account of the name of the federal candidate and the office sought by the candidate on whose behalf the following disbursements were made: \$488.88 to New Sounds, Inc. on October 20, 1982; \$9,110.29 to DMT Media on October 22, 1982; and \$1,896.37 to Robert J. Sann and Associates on November 1, 1982. The Committee further violated 2 U.S.C. § 432(c)(5) by failing to maintain a receipt, invoice, or cancelled check with

respect to a payment of \$488.88 to New Sounds, Inc. on October 20, 1982, a payment of \$9,110.29 to DMT Media on October 22, 1982; and, a repayment of \$1,896.37 to Robert J. Sann and Associates on November 1, 1982.

8. The Committee violated 2 U.S.C. § 441b(a) by accepting a contribution from the non-federal account of the Liberal Party of New York State in the form of the security for a \$10,000 bank loan.

9. The Committee violated 2 U.S.C. § 434(a)(4)(A)(iv) by failing to file timely the Committee's 1983 Mid-Year Report.

10. The Committee violated 2 U.S.C. §§ 434(a)(4)(A)(i) and (iii) by failing to file the Committee's 1984 April Quarterly, July Quarterly, October Quarterly, Post-General, and Year-End Reports.

VI. The Liberal Party of New York State will pay a civil penalty in the amount of seven thousand five hundred dollars (\$7,500) for the above violations by the Liberal Party and the Liberal Party Federal Campaign Committee pursuant to 2 U.S.C. § 437g(a)(5)(A). Such penalty shall be paid as follows:

1. Ten consecutive monthly payments of seven hundred fifty dollars (\$750) each.

2. Each such installment shall be paid on the first day of the month in which it becomes due.

3. The first installment is due eleven (11) months after the date the Liberal Party satisfies the last of its present outstanding federal and state tax obligations.

4. In the event that any installment payment is not received by the Commission by the fifth day of the month in which it becomes due, the Commission may, at its discretion, accelerate the remaining payments and cause the entire amount to become due upon ten days written notice to the respondent Liberal Party of New York State. Failure by the Commission to accelerate the payments with regard to any overdue installment shall not be construed as a waiver of its right to do so with regard to future overdue installments.

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VII. The Liberal Party of New York State will file on behalf of the Liberal Party Federal Campaign Committee the Committee's 1984 July Quarterly Report, the 1984 October Quarterly Report, the 1984 Post-General Election Report, the 1984 Year End Report, and all other overdue reports of receipts and expenditures.

VIII. The Commission, on receipt 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.

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

X. Except as provided above, the Liberal Party shall have no more than thirty (30) days from the date this becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

XI. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be valid.

FOR THE COMMISSION:

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner

Lois G. Lerner
Associate General Counsel

Date

3/4/86

FOR THE RESPONDENTS:

Raymond B. Karsner



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 7, 1988

Alan Bailey, Treasurer
Liberal Party Federal
Campaign Committee
165 West 46th Street
New York, NY 10036

RE: MUR 1739
Liberal Party Federal
Campaign Committee;
Alan Bailey, as
treasurer

Dear Mr. Bailey:

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. Should you wish to submit any legal or factual materials to be placed on the public record in connection with this matter, please do so within ten days. Such materials should be sent to the Office of the General Counsel.

Should you have any questions, contact Maura White Callaway, the staff member assigned to this matter, at (202) 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel



BY: Lois G. Lerner
Associate General Counsel



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 1739

DATE FILMED 4/23/88 CAMERA NO. 4
CAMERAMAN GRC

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