



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 2061
DATE FILMED 10/29/87 CAMERA NO. 3
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PUBLIC RECORD INDEX MUR 2061

1. Memo, 15 Jul 85, Robert J. Costa (Audit Division) to Charles N. Steele (General Counsel), subj: Referral of Jesse Jackson for President committee; New Yorkers for Jesse Jackson; Jackson for President - California, w/atch (Audit Referral Package).
2. Memo, 24 Sept 85, R.J. Costa to C.N. Steele, subj: Additional Information to matters referred to the Office of General Counsel.
3. First General Counsel's Report, 27 Nov. 85.
4. Memo, 3 DEC 85, Office of Commission Secretary (OCS) to Office of General Counsel (OGC), subj: Objection to First General Counsel's Report.
5. Certification of Commission Action, 11 DEC 85 (RTV re: JJPC & Emma Chappell, Treas.; NYJJ & George Glee, Treas.; JFPC-California & Julius Glazer, Treas.).
6. Notification Ltrs, 19 DEC 85, John Warren McGarry (Chairman, FEC) to: a) EmmaChappell (Treas. Jesse Jackson for President Committee); b) George Glee Jr., (Treas., New Yorkers for Jesse Jackson); c) Julius Glazer (Treas, Jackson for President Committee-California)
7. Ltr, 10 Jan 86, George Glee, Jr., w/atch hss (comminques)
8. Ltr, 10 Jan 86, Emma C. Chappell to FEC, subj: Request for extension of time.
9. Ltr, 13 Jan 86, Howard Renzi to FEC.
10. Ltr, 14 Jan 86, Julius Glazer to FEC. Subj: Request for extension of time
11. Ltr, 22 Jan 86, Kenneth A. Groo (Associate General Counsel) to Edward C. Coaxum (Counsel to Jesse Jackson for President and Emma Chappell, Treasurer).
12. Ltr, 27 Jan 86, Julius Glazer to FEC, Subj: Request for Conciliation.
13. Ltr, 27 Jan 86, E. Chappell to FEC (Response of JJFP and Emma Chappell, Treasurer).
14. Memo, 6 Feb 86, Robert J. Costa (Audit Div.) to General Counsel, Subj: Add'l Information provided by JFPC-California.
15. Ltr, 13 Feb 86, E.C. Coaxum, Jr. to FEC, subj: Request for Pre-Probable cause Conciliation.

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16. General Counsel's Report, 14 Mar 86.
17. Memo, 19 Mar 86, OCS to OGC subj: objection to General Counsel's Report, dtd 14 Mar 86.
18. Certification of Commission Action, 2 Apr 86.
19. Ltr, 7 Apr 86, Kenneth A. Gross (Associate General Counsel) to Julius Glazer (JJPC-California).
20. Ltr, 7 Apr 86, K.A. Gross to Edward C. Coaxum (JJPC and Emma Chappell, Treas.).
21. General Counsel's Report, 5 May 86.
22. Ltr, 28 May 86, Jules Glazer to FEC.
23. Ltr, 29 May 86, E.C. Coaxum, 51., (for JJPC and E. Chappell, and for JJPC-California and J. Glazer) to FEC.
24. General Counsel's Report, 5 Jun 86.
25. Ltr, 16 Jun 86, L.M. Noble to E.C. Coaxum, Jr.
26. Ltr, 9 Jul 86, E.C. Coaxum to FEC subj: request for extension of time (JJPC and E. Chappell; JJPC-California and J. Glazer).
27. Ltr, 17 Jul 86, Jules Glazer to E.C. Coaxum, Jr. (Designating Edw. Coaxum as counsel to JJPC-California and J. Glazer, as Treas.).
28. Ltr, 18 Jul 86, E. Coaxum Jr., to Julius Glazer.
29. Ltr, 21 Jul 86, E.C. Coaxum, Jr., to FEC.
30. Ltr, 6 Aug. 86, L.M. Noble to E. Coaxum.
31. Ltr, 11 Aug 86, James H. Hewitt, III (Coaxum and Hewitt) to FEC.
32. General Counsel's Report, 17 Sept. 86.
33. Certification of Commission Action, 22 Sept 86.
34. Ltr, 22 Sept. 86, L.M. Noble to E. Coaxum.
35. General Counsel's Report 3 Nov 86.
36. Memo, 14 Jan 87, C.N. Steele to the Commisison, w/atchs:
a. Ltr to E. Coaxum and G.C. Briefs as to: b) NYJJ and G.

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Glee, as Treas.; c) JJPC-California and J. Glazer as Treas.;
d) JJPC and E. Chappell as Treas.

37. Telegram, 2 Feb 87, Coaxum & Hewitt to FEC, Subj: Request for extension of time.
38. Ltr, 5 Feb 87, Lois G. Lerner to E.C. Coaxum, Jr.
39. LTr, 12 FEB 87, James H. Hewitt to FEC, w/encl. (Reply Brief).
40. General Counsel's Report, 27Mar 87.
41. Certification of Commission Action, 9 Apr 87
42. Ltr, 13 Apr 87, L.M. Noble to E.C. Coaxum, Jr., w/encls.
43. Ltr, 20 May 87, L.M. Noble to E. Coaxum.
44. Ltr, 1 Jul 87, E. Coaxum Jr. to FEC
45. Ltr, 17 Jul 87, E. Coaxum, Jr., to FEC, w/encls.
46. Memo, 27 Jul 87, RAD to OGC, subj: Proposed Request for Additional Information to the Jesse Jackson for President committee.
47. Ltr, 13 Aug 87, James H. Hewitt to FEC
48. General Counsel's Report, 24 Aug 87.
49. Certification of Commission Action, 27 Aug 87
50. Ltr, 28 Aug 87, L.M. Noble to E. Coaxum, w/encl. (Executed Conciliation Agreement)

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NOTE: In preparing its file for the public record, O.G.C. routinely removes those documents in which it perceives little or no public interest, and those documents, or portions thereof, which are exempt from disclosure under the Freedom of Information Act.

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

July 15, 1985

MEMORANDUM

TO: CHARLES N. STEELE
GENERAL COUNSEL

THROUGH: JOHN C. SURINA *JCS*
STAFF DIRECTOR

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

SUBJECT: JESSE JACKSON FOR PRESIDENT COMMITTEE,
NEW YORKERS FOR JESSE JACKSON,
JACKSON FOR PRESIDENT-CALIFORNIA
MATTER REFERRED TO OGC

On July 12, 1985, the Commission approved the final audit report of the Audit Division on Jesse Jackson for President Committee, New Yorkers for Jesse Jackson, Jackson for President-California. Attached as Exhibits 1 through 9 are matters noted in the final audit report which the Commission also voted to refer to your office for review and consideration.

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

Should you have any questions, please contact Martin Favin or Thomas Nurthern at 523-4155.

Attachment as stated

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Exhibit 1

A. Misstatements of Financial Activity

1. Unreported Receipts and Disbursements

Under 2 U.S.C. § 434(b)(1), (2) and (4), a committee is required to report the amount of cash on hand at the beginning of each reporting period, and the total sum of all receipts and disbursements for the reporting period and calendar year.

The Audit staff's reconciliation of the Committee's reported activity to its bank records revealed the misstatements shown below.

(a) Receipts

For the period January 1, 1984 to July 31, 1984, the Committee's reported receipts (as initially filed) were understated by \$825,959.36 (net). The components of this misstatement are as follows:

- Unreported contributions deposited into State accounts of the principal campaign committee	\$557,963.86
- Unreported matching funds	114,195.87
- Unreported portion of loan	100,000.00
- Unreported refunds	97,025.16
State accounts(PCC)	\$43,638.72
Media vendors/	
Secret Service (net)	\$38,987.43
Other vendors	\$14,399.01
- Batches not properly recorded	15,346.81
- Reported NSF contributions not offset correctly	(39,381.73)
- Unexplained difference	<u>(19,190.61)</u>
Total Receipts Understatement	<u>\$825,959.36</u>

(b) Disbursements

For the period January 1, 1984 to July 31, 1984, the Committee's reported disbursements (as initially filed)

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were understated by \$1,094,535.89 (net). The components of this misstatement are as follows:

- Unreported disbursements from National accounts	\$685,413.66
Vendors/Individuals	\$482,245.87
State Account advances	\$203,167.79
- Unreported disbursements from State accounts (PCC) (See Finding C.3. (a))	\$557,963.86
- Unreported loan repayment	\$100,000.00
- Unreported interest payments	\$ 12,570.82
- Unreported bank charges	\$ 1,388.83
- Reported disbursements, later voided and not offset correctly; and disbursements reported twice	(\$261,034.75)
- Unexplained difference	(\$ 1,766.53)
Total Disbursements Understatement	<u>\$1,094,535.89</u>

At the exit conference on December 21, 1984, the Audit staff provided Committee officials with information necessary to correct these misstatements. At this conference, a Committee official explained that these misstatements resulted from several factors:

- Relative inexperience of Committee personnel
- State account records not forwarded until late in campaign
- Committee report processing errors

In addition, a Committee official stated that included in the Committee's response to the Interim report would be an explanatory statement addressing each of the Committee's problem areas.

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On November 30, 1984 and January 2, 1985, the Committee filed amended monthly reports covering the period from January 1, 1984 through July 31, 1984. All items were materially amended except for \$117,975.27 in unreported disbursements made from State accounts.*

The interim audit report contained the Audit staff's recommendation that within 30 days of receipt of that report, the Committee amend its reports to disclose the \$117,975.27 in unreported disbursements made from State accounts.

The Committee's response to the interim audit report, received on June 26, 1985, included the following explanation for the problems contributing to this finding:

The staff and volunteers of the Jesse Jackson for President Campaign were relatively new to the process of organizing and managing a Federal Campaign. We researched, developed and worked our rules and policies simultaneously. Our organization was late getting started and the constituents in the states were anxious to go to work and raise funds for their candidate. By the time we determined the financial procedures we wanted them to follow, they were already campaigning and raising funds. We developed an Accounting Procedures manual for the treasurers, a copy of which your audit staff was provided at the entrance conference. Each state treasurer and coordinator was sent a copy and asked to comply.

Due to the magnitude of the state campaigns, the closeness of the primaries to the start of our campaign and the immediate need for the National Campaign Office to file monthly Financial Disclosure Reports, we were unable to include the state financial records in our reports. We chose to correct the omissions (sic) of state disbursements in the Financial Disclosure Reports and to correct any errors the National Office may have made by amending all of our reports from the inception of the campaign (October, 1983) through October 31, 1984. We filed these reports on November 30, 1984 and January 2, 1985.

* As a result of amendments filed to correct the receipts and disbursements misstatements, the Committee also corrected its ending cash on hand.

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The Committee further explains why, in their opinion, the \$117,975.27 in unreported disbursements is not reportable:

As amended on November 30, 1984 and January 2, 1985, the Committee reported advances to its State Offices as expenditures on Schedule B-P. In addition, a Schedule G-P was filed for each advance received in the reporting period and reported continuously until the advances were liquidated.

In cases where State Offices had funds from their advances remaining after making their local expenditures, as itemized on Schedule G-P, they returned the remaining funds to the National Committee. Those refunds are also itemized on Schedule G-P and receipt of those funds is itemized on line 20a, Offsets to Expenditures-Operating.

Where State Offices made expenditures funded by contributions locally deposited, the National Committee, on its amended reports, itemized these expenditures on State Schedule B-P's. The Committee has, in conjunction with compiling its amended reports, also obtained all contribution information pertaining to contributions locally deposited by State Offices. In the amended reports, line 17, contributions, does reflect the total of contributions locally deposited by State Offices and contributions deposited by the National Office.

In cases where State Offices had money from those contributions remaining after making their local expenditures, they transferred that money to the National Committee. The money transferred represents contributions that are already recorded on line 17. Those transfers are not refunds not receipts of any kind. They represent money deposited in one bank account of Jesse Jackson for President Committee moving to another bank account of Jesse Jackson for President Committee, i.e. from State Office Account to National Office Account and therefore are non-reportable.

The Committee states in its response that although \$557,963.86 of private contributions was deposited directly into the State accounts, only \$439,988.59 of that amount was actually expended from the state accounts. It is their contention that the remaining \$117,975.27 (\$557,963.86 - \$439,988.59) was excess funds transferred to the National Committee which had previously been reported as contributions on line 17 (Schedules A-P) when received as contributions, and was therefore never expended at the state level. As a result, the \$117,975.27 was not required to be reported as disbursements.

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Based on the Committee's response and discussions with the Committee Comptroller, it is the opinion of the Audit staff that the Committee's position regarding the \$117,975.27 appears reasonable. However, no documentation in support of the Committee's contention has been provided. The Comptroller stated that this documentation will be provided in the near future. Upon review of such documentation, the Audit staff will render an opinion on this matter.

Recommendation

The Audit staff recommends that this matter be referred to the Office of General Counsel since matters involved in this finding coincide so closely with matters addressed at Exhibits 2 and 3.

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Exhibit 2

B. Itemization of Receipts

1. Matching Funds

Section 434(b)(2)(K) of Title 2, United States Code, requires the disclosure of Federal funds received under chapter 95 and chapter 96 of title 26 by an authorized committee of a candidate for the office of President.

The Committee did not itemize one entire matching funds payment in July 1984 (\$90,299.60) and a portion of another matching funds payment in May 1984 (\$23,896.27) totalling \$114,195.87.

On February 22, 1985, the Committee filed amended Schedule A-P's (Itemized Receipts) which corrected the itemization problem.

In the interim audit report, the Audit staff recommended no further action with respect to this matter at that time. The recommendation also allowed for any additional comments on this matter.

The Committee's response to the interim audit report provided no additional comments regarding this matter.

2. Refunds

Under 2 U.S.C. § 434(b)(3)(F) each report shall disclose the identification of each person who provides a rebate, refund, or other offset to operating expenditures to the reporting committee in an aggregate amount or value in excess of \$200, together with the date and amount of such receipt.

The Committee's receipt records were reviewed to determine whether all refunds requiring itemization were itemized on the Committee's disclosure reports. It was noted that 22 refunds totalling \$138,069.77 were not itemized as required.

On November 30, 1984 and January 2, 1985, the Committee submitted amendments which itemized 12 refunds totalling \$95,087.67.

The interim report contained the Audit staff's recommendation that within 30 days of receipt of that report, the Committee itemize the remaining ten (10) refunds totaling \$42,982.10.

The Committee's response to the interim report contained an amended Schedule A-P for one (1) of the items, the itemization locations for two (2) more items (on state G-P's amended January 2, 1985), and an explanation of why the remaining seven (7) refunds were not reportable.

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The explanation is the same as the one provided for the Misstatements of Financial Activity finding (see Exhibit 1); the refunds were excess funds from private contributions deposited into state accounts which were transferred to the National Committee and were previously reported as contributions on line 17 (Schedules A-P) when deposited into the state accounts. As a result, they were not reportable as refunds when transferred to the National Committee.

As discussed in Exhibit 1, upon review of the forthcoming documentation to be provided by the Committee Comptroller, the Audit staff will render an opinion on this matter.

3. Disclosure of Loans

Section 434(b)(3)(E) of Title 2, United States Code, requires the identification of each person who makes a loan to the reporting committee, together with the date and amount or value of such receipt.

Under 2 U.S.C. § 434(b)(8) and 11 C.F.R. 104.3(d) each report shall disclose on Schedule C-P the amount and nature of outstanding debts and obligations owed by a political committee.

(a) National Accounts

As a result of our review of Committee loan records, it was noted that the Committee borrowed a total of \$600,000 from a lending institution:

<u>Date</u>	<u>Amount</u>
4/6/84	\$250,000.00
5/22/84	250,000.00
6/26/84	<u>100,000.00</u>
Total	<u>\$600,000.00</u>

It was noted that the loans received on 5/22/84 (\$250,000) and 6/26/84 (\$100,000) were not itemized on Schedule A-P as required. Further, the loan received on 6/26/84 (\$100,000) was not disclosed on Schedule C-P.

In June 1984, the Committee repaid the lending institution \$300,000. However, the Committee only itemized payments totalling \$200,000 through the report period ending July 31, 1984.

Committee officials explained that the source of loan information used to fill out the disclosure reports was the bank statements provided by the lending institution.

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However, the statements provided did not include \$100,000 which the lending institution arranged for the Committee to receive through another bank. Since these bank statements were used for the disclosure reports, the reported amounts representing loans received and loan repayments made were understated by \$100,000 respectively.

On January 2, 1985, the Committee submitted amendments correcting these omissions.

(b) State Accounts

The Audit staff's review of state account documentation revealed 14 loans totalling \$31,713 which were not itemized as required on Schedule A-P nor disclosed as a debt on a Schedule C-P. A Committee official explained that the omissions resulted from not receiving state account records until late in the campaign.

On November 30, 1984 and January 2, 1985, the Committee submitted amendments which corrected these omissions.

In the interim audit report, the Audit staff recommended no further action with respect to this matter at that time. The recommendation also allowed for any additional comments on this matter.

The Committee's response to the interim audit report provided no additional comments regarding this matter.

Recommendation

The Audit staff recommends that these matters be referred to the Office of General Counsel pursuant to the Commission-approved Materiality Thresholds (Section IV).

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Exhibit 3

C. Itemization of Disbursements

Section 434(b)(5)(A) of Title 2, United States Code, requires that a political committee itemize the name and address of each person to whom an expenditure in an aggregate amount or value in excess of \$200 is made together with the date, amount and purpose of such expenditure.

1. Disbursements to Vendors, Advances to State Accounts, Interest Payments, and Reversals of Voided Checks

The Committee's disbursement records were reviewed to determine whether all disbursements requiring itemization were itemized on the Committee's disclosure reports. It was noted that 80 disbursements totalling \$705,905.99 were not itemized as required. It was further noted that 6 interest payments totalling \$12,570.82, relating to loans received were not itemized as required.

It was also determined that 31 disbursements totalling \$206,212.45 were itemized, later voided and not offset correctly on the disclosure reports. In addition, 4 disbursements totalling \$45,400 were itemized twice on the Committee's Schedules B-P.

At the exit conference on December 21, 1984, the Audit staff provided to Committee officials the information necessary to amend these items.

On November 30, 1984 and January 2, 1985, the Committee submitted amendments which materially corrected the deficiencies noted above.

In the interim audit report, the Audit staff recommended no further action with respect to this matter at that time. The recommendation also allowed for any additional comments on this matter.

The Committee's response to the interim audit report provided no additional comments regarding this matter.

2. Draft Account

The Committee's draft bank account was identified as a problem area, therefore, an extensive review of the draft account was performed. The purpose of the draft account was to enable members of the candidate's entourage to make travel and subsistence disbursements while in travel status. The drafts

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were limited to one of the following amounts: \$50, \$100, \$200, or \$500.

The Audit staff noted that 122 draft account expenditures, totalling \$59,541.26, were not itemized as required. A Committee official explained that the omission was a result of not receiving the draft account documentation until late in the campaign.

At the exit conference on December 21, 1984, the Audit staff provided to Committee officials the information necessary to amend these items.

On November 30, 1984, January 2, 1985 and February 6, 1985, the Committee submitted amendments itemizing these expenditures.

In the interim audit report, the Audit staff recommended no further action with respect to this matter at that time. The recommendation also allowed for any additional comments on this matter.

The Committee's response to the interim audit report provided no additional comments regarding this matter.

3. Disbursements by State Accounts

Background

As previously stated, contributions from individuals, totalling \$557,963.86 were deposited into the Committee's State accounts (see Exhibit 1). This practice is contrary to the Committee's procedures. Further, the National headquarters advanced \$1,232,526.64 to the State accounts.

The disposition of the disbursements funded by \$557,963.86 in private contributions and the disclosure of funds advanced to States from National accounts (\$1,232,526.64) are discussed separately below.

(a) Disbursements Funded by Private Contributions

As noted in Exhibit 1, the Committee did not disclose disbursements totalling \$557,963.86 funded by private contributions deposited into State accounts. The Audit staff determined that disbursements made by the State offices were from accounts which contained both private contributions and advances received from the national headquarters. Therefore, disbursements made in excess of \$200 were not itemized on Schedule B-P. Committee officials stated they were not aware that private contributions were being deposited into and disbursed from State office accounts, and that they were reviewing all disbursements made at the State level.

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On November 30, 1984 and January 2, 1985, the Committee filed amendments (Schedule B-P, line 23) which itemized \$439,988.59 of the \$557,963.86 disbursed at the State level.

(b) Disclosure of Liquidation of Advances

The Commission has approved two methods of reporting advances made to State offices. In the first method the advance from the national headquarters to the State office is not considered a reportable transaction. However, the subsequent expenditures from the advance would be included in the Committee's disclosure reports. The person in charge of the State office would forward to the treasurer, at the close of each reporting period, an accounting of all expenditures and the ending cash figure for incorporation into the Committee's disclosure reports.

In the second method, the Committee reports the advance at the time it is made as an expenditure on Schedule B-P. In addition, a Schedule G-P is filed for each advance received in the reporting period and reported continuously until the advance(s) has been liquidated (similar to the reporting of debts and obligations).

The Committee chose the second method for reporting advances. The Audit staff noted the national headquarters advanced \$1,232,526.64 to its 61 State office accounts. However, the respective Schedules G-P filed by the State offices (through the Committee) did not recognize advances received totalling \$216,659.70. In addition, disbursements totaling \$430,598.50 made from the funds advanced were not disclosed on Schedule G-P.

On November 30, 1984 and January 2, 1985, the Committee filed amended Schedules G-P which materially disclosed the receipt of the \$216,659.70 advanced from the national headquarters as well as the \$430,598.50 in disbursements made and not previously reported.

The interim report contained the Audit staff's recommendation that within 30 days of receipt of that report, the Committee file amendments to disclose that portion of the remaining \$117,975.27 (\$557,963.86 - \$439,988.59) in disbursements which required itemization on Schedule B-P (C.3.(a)).

As discussed earlier in Exhibits 1 and 2, the Committee concludes in its response to the interim audit report that although \$557,963.86 of private contributions was deposited directly into the State accounts, only \$439,988.59 of that amount was actually expended from the state accounts. It is their contention that the remaining \$117,975.27 (\$557,963.86 - \$439,988.59) was excess funds transferred to the National Committee which had previously been reported as contributions on

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line 17 (Schedules A-P) when received as contributions, and was therefore never expended at the state level. As a result, the Committee's contention is that since none of the \$117,975.27 was reportable as disbursements, no itemization on Schedule B-P is required.

As discussed in Exhibit 1, upon review of the forthcoming documentation to be provided by the Committee Comptroller, the Audit staff will render an opinion on this matter.

Recommendation

The Audit staff recommends that these matters be referred to the Office of General Counsel pursuant to the Commission-approved Materiality Thresholds (Section IV).

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Exhibit 4

E. Itemization of Contributions from Political Committees

Under 2 U.S.C. § 434(b)(3)(B) each report shall disclose the identification of each political committee which makes a contribution to the reporting committee during the reporting period, together with the date and amount of any such contribution.

The Committee's contribution records were reviewed to determine whether all contributions from political committees were itemized on the Committee's disclosure reports. It was noted that 117 contributions from political committees totalling \$12,095.83 were not itemized as required. The Committee Comptroller stated that these contributions were not itemized because of Committee report processing errors.

At the exit conference on December 21, 1984, the Audit staff presented Committee officials with schedules of these contributions.

On November 30, 1984, January 2, 1985, January 22, 1985, and February 6, 1985, the Committee submitted amendments which materially disclosed the above contributions.

In the interim audit report, the Audit staff recommended no further action with respect to this matter at that time. The recommendation also allowed for any additional comments on this matter.

The Committee's response to the interim audit report provided no additional comments regarding this matter.

Recommendation

The Audit staff recommends that this matter be referred to the Office of General Counsel pursuant to the Commission-approved Materiality Thresholds (Section V).

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Exhibit 5

F. Contributions from Individuals in Excess
of the Limitations

The Act provides at 2 U.S.C. § 441a(a)(1)(A) that no person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed \$1,000.

The Audit staff's review revealed that the Committee received 29 contributions from individuals which were in excess of the limitation, and for which no contribution refunds were made as of the close of audit fieldwork in December 1984. The excessive portions totaled \$5,561.64.*

At the exit conference on December 21, 1984, the Audit staff presented Committee officials with schedules of excessive contributions.

On February 7, 1985 and February 21, 1985, the Committee submitted copies of refund checks, totalling \$3,001.64, for 18 of the 29 above-mentioned excessive contributions.

The interim audit report contained the Audit staff's recommendation that within 30 days of receipt of that report, the Committee demonstrate that the 11 remaining contributions were not in excess of the limitation, or refund the excessive portions and provide copies (both front and back) of the negotiated refund checks.

On June 26, 1985, the Committee provided copies of refund checks (front only) for ten (10) of the excessive contributions and provided documentation verifying that the 11th contribution was not in excess of the limitation.

The Committee also provided the following explanation in its response to the interim audit report:

We were unable to determine whether an individual had contributed in excess of \$200.00 until aggregation of contributions by (the committee's computer firm). If an individual gave a contribution at the state level and the National Level, we were not aware of this until we had that state contributions entered in the computer. Many of these contributions were received late by the National Office which caused a delay in refunding these excessive contributions.

* It was noted that the Committee refunded the excessive portions to three individuals (not included in the \$5,561.64 above) totaling \$650. These refunds occurred between 104 days and 210 days of receipt of the excessive contributions.

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Recommendation

The Audit staff recommends that this matter be referred to the Office of General Counsel pursuant to the Commission-approved Materiality Thresholds (Section II).

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Exhibit 6

G. Prohibited Contribution

Section 441b(a) of Title 2 of the United States Code states, in part, that it is unlawful for any national bank or any corporation organized by authority of any law of Congress to make a contribution or expenditure in connection with any election to any political office.

In addition, Section 441b(b) (2) of Title 2 of United States Code states, in part, for purposes of this section the term "contribution or expenditure" shall include any direct or indirect payment, distribution, loan, advance, deposit or gift of money or any services, or anything of value (except loans made by banks in the ordinary course of business) to any candidate, campaign committee or political party or organization.

The Audit staff identified five loans from the Ecumenical Council for Community Concern, Inc., a corporate entity, the proceeds of which were deposited into the Committee's State account in Tampa, Florida:

<u>Date</u>	<u>Amount</u>
3/6/84	\$2,500.00
3/31/84	1,600.00
4/23/84	900.00
4/25/84	600.00
6/5/84	250.00
Total	<u>\$5,850.00</u>

A Committee official explained that they had been unaware of these loans since they had not received the state account documentation until late in the campaign. The Committee received a letter, dated September 3, 1984, from the President of the Ecumenical Council which requested an immediate refund.

On February 21, 1985, the Committee submitted a copy of the negotiated refund check (front and back) in the amount of \$5,850. The date of this check was December 31, 1984.

In the interim audit report, the Audit staff recommended no further action with respect to this matter at that time. The recommendation also allowed for any additional comments on this matter.

The Committee's response to the interim audit report provided no additional comments regarding this matter.

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Recommendation

The Audit staff recommends that this matter be referred to the Office of General Counsel pursuant to the Commission-approved Materiality Thresholds (Section I).

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Exhibit 7

New Yorkers for Jesse Jackson (NYJJ)

A. Itemization of Receipts

Section 434(b)(3)(A) of Title 2, United States Code, requires a political committee to report the identification of each person whose contribution or contributions have an aggregate amount in excess of \$200 per calendar year, together with the date and amount of such contribution.

The Audit staff's review of the NYJJ contribution records indicated that 118 contributions, totalling \$22,131.47, were not itemized on its disclosure reports. This accounts for 45% of contributions required to be itemized.

The NYJJ officials stated that due to limited resources, they were unable to set up a computerized system for individual contributions.

The interim audit report contained the Audit staff's recommendation that within 30 days of receipt of that report, the NYJJ file amended schedule A-P's to correct the itemization problem noted above.

On June 26, 1985, the Committee filed amended Schedules A-P for NYJJ which materially corrected the deficiencies noted above.

The Committee also explained in its response to the interim audit report that the NYJJ's itemization problem occurred because NYJJ did not have the computer capabilities to perform contribution aggregation, and therefore, the Schedules A-P were not kept up-to-date. They added that once they received the Audit staff's recommendation to file amendments, they instructed their computer firm to reprogram the computer in order to produce corrected NYJJ Schedules A-P.

Recommendation

The Audit staff recommends that this matter be referred to the Office of General Counsel pursuant to the Commission-approved Materiality Thresholds (Section IV).

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Exhibit 8

Jackson for President Committee - California (JPC-CA)

A. Itemization of Receipts

Section 434(b)(3)(A) of Title 2, United States Code, requires a political committee to report the identification of each person whose contribution or contributions have an aggregate amount in excess of \$200 per calendar year, together with the date and amount of such contribution.

JPC-CA's contribution records that were available were reviewed to determine whether all contributions in excess of or aggregating in excess of \$200 per calendar year were itemized as required on the disclosure reports. The Audit staff's review of the JPC-CA's contribution records indicated that 210 contributions, totalling \$23,823.41, were not itemized on its disclosure reports. This accounts for 52% of contributions required to be itemized. JPC-CA officials provided no explanation for this disclosure omission (see Exhibit 9).

The interim audit report contained the Audit staff's recommendation that within 30 days of receipt of the report, the JPC-CA file amended Schedule A-P's to correct the itemization problem noted above.

On June 26, 1985, the Committee filed amended Schedules A-P for JPC-CA which materially corrected the deficiencies noted above.

Recommendation

The Audit staff recommends that this matter be referred to the Office of General Counsel pursuant to the Commission-approved Materiality Thresholds (Section IV).

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Exhibit 9

C. Recordkeeping of Contributions

Section 432(c)(1) of Title 2 of the United States Code requires the treasurer of a political committee to keep an account of all contributions received by or on behalf of such political committee.

Individual contributions per the disclosure reports were reconciled to the Committee's computerized data base. As a result, the Audit staff determined that approximately \$60,000 in contribution batch records were not available for review.

The Committee did confirm this omission with the JPC-CA and has requested these records.

The interim audit report contained the Audit staff's recommendation that within 30 days of receipt of that report, the JPC-CA provide the contribution records to the Committee to enable the Committee to file amendments, if necessary. The recommendation also requested that these records be made available for the Audit staff's review within the same 30 day period and noted that additional recommendations may occur as a result of our review of the requested records.

The Committee provided the following explanation in its response to the interim report:

Whenever we received copies of checks from State Accounts, we batched them in the manner in which the Federal Election Commission and (the Committee's computer firm) required for matching fund purposes. Unfortunately, we did not realize that we had not batched check copies of May 1 - May 16, 1984 from California.

The National Campaign Office had tried earlier in the audit year to get copies of the missing checks from California for the above period. They informed us that they had been forwarded to us through our CPA Firm. Evidently, we never received them or they have been misplaced.

We have since requested copies of these checks from the banking institution, upon receipt of your formal advice. The bank has to research the account from microfiche, copy the checks, and forward them to us. They have informed me that it would take at least one month for this process. As soon as we receive them, we will forward them to you.

It is evident that we did not intentionally neglect to itemize these contributions, since they were included in the total receipts and California did itemize those which needed

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to be itemized on their May, 1984 Financial Disclosure Report.

Recommendation

The Audit staff recommends that this matter be referred to the Office of General Counsel pursuant to the Commission-approved Materiality Thresholds (Section VII).

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M 2061



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 24, 1985

MEMORANDUM

TO: CHARLES N. STEELE
GENERAL COUNSEL

THROUGH: JOHN C. SURINA
STAFF DIRECTOR

FROM: ROBERT J. COSTA
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: JESSE JACKSON FOR PRESIDENT COMMITTEE, NEW
YORKERS FOR JESSE JACKSON, JACKSON FOR
PRESIDENT - CALIFORNIA
MATTERS REFERRED TO OGC ON JULY 15, 1985 -
ADDITIONAL INFORMATION

Attached for your information is a letter from the CPA firm representing the above-named Committees concerning three of the matters referred to your office on July 15, 1985 (Exhibits 1, 2, and 3 in that memo).

All three matters dealt, in part, with the Committee's failure to report disbursements totaling \$557,963.86 funded by private contributions deposited directly into State accounts. Subsequently, the Committee filed amended monthly reports which disclosed \$439,988.59 of the \$557,963.86 unreported disbursements.

The following additional information will affect Exhibits 1, 2, and 3 of the July 15, 1985 memo:

Exhibit 1 - Misstatements of Financial Activity

In the interim audit report, the Audit staff recommended that the Committee amend its reports to disclose the remaining \$117,975.27 (\$557,963.86 - \$439,988.59) in unreported disbursements (Exhibit 1 - A.1.(b)). The Committee stated in its response to the interim audit report that the \$117,975.27 was excess funds transferred to the National Committee which had previously been reported as contributions on line 17 (Schedule A-P) when received and was never expended (in the form of reportable disbursement transactions) at the state level. They concluded that the \$117,975.27 was therefore not required to be reported as disbursements.

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As was stated in Exhibit 1, it was the opinion of the Audit staff that based on the Committee's response to the interim audit report (received June 26, 1985) and discussions with the Committee Comptroller, it appeared that the Committee's position was reasonable, but that supporting documentation should be provided.

Subsequent to the receipt of the Committee's response, the Audit staff has further discussed this matter with Committee officials. Based on these discussions and review of the attached letter, the Audit staff concludes that no further documentation need be provided by the Committee in support of its contention.

Based on the above conclusion, the following changes to Exhibit 1 should be made:

A.1.(b) Disbursements

- Unreported disbursements from State accounts (PCC) (557,963.86-117,975.27)	\$439,988.59
Total Disbursements Understatement (1,094,535.89-117,975.27)	<u>\$976,560.62</u>
Net Change = (\$117,975.27)	

Exhibit 2 - Itemization of Receipts

In the interim audit report, the Audit staff recommended that the Committee itemize ten refunds totaling \$42,982.10 (Exhibit 2 - B.2.). The Committee's response to the interim audit report contained an amended Schedule A-P for one of the items, the itemization locations for two more items, and the same explanation as provided for Exhibit 1 above for the remaining seven refunds. They stated that these seven refunds were not reportable as refunds because they were excess funds from private contributions deposited into state accounts which were transferred to the National Committee and were previously reported as contributions when deposited into the state accounts.

It was stated in Exhibit 2 that upon review of the forthcoming documentation to be provided by the Committee Comptroller, the Audit staff would render an opinion on this matter.

Subsequent to the receipt of the Committee's response, the Audit staff has further discussed this matter with Committee officials. Based on these discussions and review of the attached letter, the Audit staff concludes that the Committee is not required to itemize the remaining seven refunds.

Based on the above conclusion, the following changes to Exhibit 2 should be made:

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B.2. Refunds

The seven refunds not previously itemized, totaling \$24,535.26, do not require itemization.

The reference to the 22 refunds, totaling \$138,096.77, not itemized as required (prior to amendments), is to be changed to 15 refunds, totaling \$113,534.51.

Exhibit 3 - Itemization of Disbursements

The Audit staff had also recommended in the interim audit report that the Committee file amendments to disclose that portion of the remaining \$117,975.27 in disbursements which required itemization on Schedule B-P (Exhibit 3 - C.3(b)). The Committee's response to the interim audit report contained the same explanation provided for Exhibit 1 above regarding the \$117,975.27 in disbursements.

It was stated in Exhibit 3 that upon review of the forthcoming documentation to be provided by the Committee Comptroller, the Audit staff would render an opinion on this matter.

Subsequent to the receipt of the Committee's response, the Audit staff has further discussed this matter with Committee officials. Based on these discussions and review of the attached letter, the Audit staff concludes that no further itemization is required.

Based on the above conclusion, the following changes to Exhibit 3 should be made:

C.3.(b) Disclosure of Liquidation of Advances

Since the \$117,975.27 represents non-reportable transactions, no itemization is required.

Should you have any questions, please contact Martin Favin or Thomas Nurthen at 523-4155.

Attachment as stated

Renzi, Pinti & Co.

Certified Public Accountants

A Professional Corporation

August 12, 1985

Mr. Martin Favín
Federal Election Commission
1325 "K" Street, NW
Washington, D.C. 20463

Re: Jesse Jackson for
President Committee

Dear Mr. Favín:

8704061042

Recently you have made certain inquiries concerning our response to your audit finding number IIA (1)(b) as described in your letter of May 22, 1985. The Committee's response dated June 24, 1985 stated that the excess of cash receipts over cash disbursements at the state level in the amount of \$117,973.27 represents funds which were transferred to the National Committee and that this amount was audited by the FEC as part of its examination of total cash receipts and cash disbursements at both the state and national levels. The purpose of this letter is to clarify our position concerning this audit finding as was discussed with you during your telephone conversation with Larry Hayes and various members of our firm during the week of July 22, 1985.

The FEC has examined the total cash receipts which had been deposited in the state organizations' bank accounts as well as the National Committee's bank account as reported on the FEC Report Schedule A-P. Additionally, the FEC has examined the total cash disbursements as reported on the Schedule G-P's and B-P's for the state organizations and national organization respectively. Therefore, since you audited total cash receipts and total cash disbursements, the transfer of funds between bank accounts represents the transfer of audited funds and, accordingly, does not require further documentation.

Since your overall examination of cash receipts and cash disbursements was adequate, we hope that you will reexamine your position concerning this matter in consideration of the information provided herein.

Please don't hesitate to contact me if you have any further questions.

Sincerely,

Howard Renzi
Howard R. Renzi

HR/sb

cc: Emma Chappell

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

SENSITIVE
CONFIDENTIAL SECRETARY

FIRST GENERAL COUNSEL'S REPORT

85 NOV 29 P12: 21

DATE AND TIME OF
TRANSMITTAL BY OGC
TO THE COMMISSION

MUR #2061
STAFF - Snyder

11/27/85 5:00pm

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

RESPONDENTS' NAMES: Jesse Jackson for President Committee and Emma Chappell, as treasurer; New Yorkers for Jesse Jackson and George Glee, Jr., as treasurer; Jackson for President, Inc. - California, and Julius Glazer as treasurer

RELEVANT STATUTES: 2 U.S.C. §§ 434(b)(1), 434(b)(2), 434(b)(2)(k), 434(b)(3)(b), 434(b)(3)(E), 434(b)(3)(F), 434(b)(4), 434(b)(5)(A), 434(b)(8), 441a(a)(1)(A), 441b, 441a(f); 11 C.F.R. § 104.3(d).

INTERNAL REPORTS

CHECKED: Final Audit Reports

FEDERAL AGENCIES

CHECKED: None

GENERATION OF MATTER

This matter originated as a referral from the Reports Analysis Division, denominated 84L-22. The Commission authorized an audit of the above-captioned committee, and on July 12, 1985, the Commission approved the final audit report of the Audit Division concerning these respondents. Due to apparent violations of the Federal Election Campaign Act, 2 U.S.C. § 431 et seq (hereinafter "the Act"), the audit division (hereinafter "Audit") referred this inquiry to the Office of the General Counsel.

SUMMARY OF ALLEGATIONS

Audit states that respondents may have violated the Act, on the following grounds:

1. The reports of the Jesse Jackson for President Committee ("JJPC") understated that committee's receipts by \$825,959.36 and its disbursements by \$1,094,534.89, in violation of 2 U.S.C. §§ 434(b)(2) and (4).

2. JJPC failed to itemize \$114,195.87 that it received in Federal matching funds pursuant to Chapters 95 and 96 of Title 26, in violation of 2 U.S.C. § 434(b)(2)(K).

3. JJPC failed to itemize all refunds, rebates, or offsets exceeding \$200, in violation of 2 U.S.C. § 434(b)(3)(F).

4. JJPC failed to report the receipt of \$350,000 in loans, the continuing obligation on a loan of \$100,000 and a payment of \$100,000 on a loan. Said respondent also failed to report \$31,713 in loans received by affiliated committees. The foregoing omissions constitute apparent violations of 2 U.S.C. §§ 434(b)(3)(E) and 434(b)(8), and 11 C.F.R. § 104.3(d).

5. JJPC failed to itemize various expenditures and to identify the recipients of such expenditures. Disbursements totalling \$705,905.99 and interest payments of \$12,570.82 were not itemized; disbursements of \$206,212.45 were itemized, but later voided and not offset correctly on the reports. Also, four disbursements, totalling \$45,400, were itemized twice. Some 122 expenditures, totalling \$59,514.26 on the committee's draft

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account were not itemized. Finally, the committee did not itemize \$117,975.27 spent by its affiliated, local committees. The foregoing errors and omissions resulted in violations of 2 U.S.C. § 434(b)(5)(A).

6. JJPC failed to itemize 117 contributions, worth \$12,095.83, from political committees. This omission presents a possible violation of 2 U.S.C. § 434(b)(3)(B).

7. JJPC accepted some 29 contributions from individuals, each in excess of \$1,000, in violation of 2 U.S.C. § 441a(a)(1)(A). The excess portion of these contributions amounted to \$5,561.64.

8. JJPC accepted five loans, aggregating \$5,850.00 from the Ecumenical Council for Community Concern, Inc., in violation of 2 U.S.C. § 441b(a).

9. New Yorker for Jesse Jackson ("NYJJ") failed to itemize 118 contributions, each of which was in excess of \$200, totalling \$22,131.47, on its disclosure reports. This omission involves a violation of 2 U.S.C. § 434(b)(3)(A).

10. The Jackson for President Committee - California ("JPC-CA") apparently failed to itemize 210 contributions, each of which was in excess of \$200, and totalling \$23,823.41, on its disclosure reports. This omission constitutes an apparent violation of 2 U.S.C. § 434(b)(3)(A).

11. It appears, based on a comparison of the JJPC's computerized data base and its reports, that \$60,000 in

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contribution batch records were not kept available for review. Evidently, the JPC-CA, which received the funds in question on behalf of the JJPC, did not forward the contribution records to the JJPC. Thus, it appears that JJPC and JPC-CA violated 2 U.S.C. § 432(c)(1).

FACTUAL AND LEGAL ANALYSIS

The alleged violations of the Act, as enumerated above, may be analyzed as follows:

1. The Act requires political committees to report the total of all receipts and disbursements for both the reporting period and the calendar year. 2 U.S.C. § 434(b)(2) and (4). Due to JJPC's underreporting of both receipts and disbursements, there is reason to believe that that committee violated those provisions of the Act.

By way of mitigation, it should be noted that JJPC subsequently filed amended reports disclosing the necessary information for the pertinent periods. Audit initially reported that \$117,975.27 worth of disbursements at the state level remained unreported, but, after determining that these funds were transferred to the national committee, Audit concluded that no further report was needed. (See Attachment 2).

2. The Act requires an authorized committee of a Presidential candidate to disclose in its reports the receipt of "Federal funds received under Chapter 95 and Chapter 96 of Title 26...." 2 U.S.C. § 434(b)(2)(k). It appears that JJPC did not

itemize one entire matching funds payment in July, 1984 (\$90,299.60) and a portion of another payment in May, 1984 (\$23,896.27), for a total of \$114,195.87. While respondents mitigated the violation by filing amended reports in February 22, 1985, there is nonetheless reason to believe that respondents violated the statute in question.

3. Political committees reporting under the Act are required to disclose the identification of each "person who provides a rebate, refund, or other offset to operating expenditures to the reporting committee in an aggregate value or amount in excess of \$200 within the calendar year, together with the date and amount of any such receipt." 2 U.S.C. § 434(b)(3)(F). The audit initially found that JJPC had failed to itemize the receipt of 22 refunds totalling \$138,069.77. Later, the audit division concluded that seven of these refunds need not have been reported, as "they were excess funds from private contributions deposited into state accounts which were transferred to the National Committee and were previously reported as contributions when deposited into the state accounts." (See Attachment 2). Thus, JJPC apparently violated the Act by failing to itemize 15 refunds worth \$113,534.51. By way of mitigation, it should be noted that respondents belatedly supplied the required information.

4. The Act requires a political committee to disclose the identification of each "person who makes a loan to the reporting

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committee during the reporting period, together with the identification of any endorser or guarantor of such loan, and date and amount or value of such loan." 2 U.S.C. § 434(b)(3)(E). It is further provided that such committee's reports shall disclose "the amount and nature of outstanding debts and obligations owed by or to such political committee; and where such debts and obligations are settled for less than their reported amount or value, a statement as to the circumstances and conditions under which such debts or obligations were extinguished and the consideration therefor." 2 U.S.C. § 434(b)(8). See also 11 C.F.R. § 104.3(d). According to audit, JJPC failed to itemize a \$250,000 loan received on May 22, 1984, and neither itemized nor disclosed a \$100,000 loan received on June 26, 1984. In June, 1984, JJPC repaid the lending institution \$300,000, but, as of July 31, 1984, had itemized payments totalling only \$200,000. While respondents submitted amended reports on January 2, 1985, there is reason to believe they violated the above-cited statutes. There is likewise reason to believe respondents violated the same statutes by failing to itemize and disclose \$31,713 worth of loans received by local affiliated committees.

5. The Act states that political committees must file reports revealing the name and address of each

(a) person to whom an expenditure in an aggregate amount or value in excess of \$200 within the calendar

year is made by the reporting committee to meet a candidate or committee operating expense, together with the date, amount, and purpose of each operating expenditure....

2 U.S.C. § 434(b)(5)(A). Audit's findings concerning JJPC's failure to itemize, or to itemize correctly, various disbursements would indicate that there is reason to believe a violation of the statute just cited has occurred. Audit has stated, however, that there was no need for itemization of \$117,975.27 that had previously been thought to have been expended on the state level. (See Attachment 2).

6. Under the Act, a political committee must file reports identifying each "political committee which makes a contribution to the reporting committee during the reporting period, together with the date and amount of any such contribution." 2 U.S.C. § 434(b)(3)(B). In view of JJPC's failure to itemize the 117 contributions discussed above, there is reason to believe a violation of the statute just quoted has occurred. It should be noted, by way of mitigation, that the relevant reports were subsequently supplied.

7. The Act states that "no person shall make contributions - (A) to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed \$1,000." 2 U.S.C. § 441a(a)(1)(A). Audit found evidence that JJPC accepted twenty-nine contributions in

excess of that amount, indicating that there is reason to believe a violation of that statute occurred. In mitigation, it should be noted that JJPC has refunded twenty-eight of those contributions, and has submitted documentation that the remaining contribution was not excessive.

8. It is unlawful under the Act "for any corporation whatever... to make a contribution or expenditure in connection with any [Federal] election..., or for any candidate, political committee, or other person knowingly to accept or receive any contribution prohibited by this section...." 2 U.S.C. § 441b(a). As noted above, JJPC accepted \$5,850 worth of loans from the Ecumenical Council for Community Concern, Inc. Loans are deemed contributions under the Act. 2 U.S.C. § 431(8)(A)(i) and 441b(b)(2). In mitigation, the loans were refunded on February 21, 1985. Nonetheless, it appears that there is reason to believe that a violation of 2 U.S.C. § 441b had occurred.

9. Under the Act, each political committee must disclose in its reports the identification of each "person... who makes a contribution to the reporting committee during the reporting period, whose contribution or contributions have an aggregate amount or value in excess of \$200 within the calendar year..., together with the date and amount of any such contribution." 2 U.S.C. § 434(b)(3)(A). As NYJJ failed to comply with this requirement, there is reason to believe that committee and JJPC violated the statute just cited. In mitigation of that offense,

amended Schedules A-P were filed on behalf of NYJJ on June 28, 1985, supplying the information previously omitted.

10. As noted above, JPC-CA also failed to itemize contributions, in violation of 2 U.S.C. § 434(b)(3)(A). In mitigation, amended reports were filed for this committee on June 26, 1985. Nonetheless, there is reason to believe that statute was violated by JPC-CA and JJPC.

11. Under the Act, "The treasurer of a political committee shall keep an account of -- (1) all contributions received by or on behalf of such political committee." 2 U.S.C. § 432(c)(1). As the audit found that \$60,000 worth of contribution batch records, with respect to funds received by JPC-CA on behalf of JJPC, are not available for review, there is reason to believe the above-cited statute was violated.

RECOMMENDATIONS

1. Merge 84L-22 into MUR 2061.
2. Find reason to believe that the Jesse Jackson for President Committee and Emma Chappell, as treasurer, violated 2 U.S.C. §§ 434(b)(2), 434(b)(4), 434(b)(2)(K), 434(b)(3)(F), 434(b)(3)(E), 434(b)(8), 434(b)(5)(A), 434(b)(3)(B), 441a(a)(1)(A), 441b(a), 432(c)(1), and 434(b)(3)(A) and 11 C.F.R. § 104.3(d).
3. Find reason to believe that New Yorkers for Jesse Jackson and George Glee, Jr., as treasurer, violated 2 U.S.C. §§ 434(b)(3)(A).

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4. Find reason to believe that The Jackson for President Committee-California, and Julius Glazer, as treasurer, violated 2 U.S.C. §§ 434(b)(3)(A) and 432(c)(1).

5. Approve and send the attached letters and General Counsel's Legal and Factual Analyses.

Charles N. Steele
General Counsel

November 24, 1985
Date

BY:

Kenneth A. Gross
Associate General Counsel

Attachments

1. Audit Report
2. Supplement to Audit Report
3. Proposed Letters to Respondents and General Counsel's Legal and Factual Analyses

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Attachments to 1st GC
Report

have been removed from this position in the Public Record File either because they duplicate documents located elsewhere in this file, or because they reflect exempt information.

For Attachment	<u>1</u>	see	<u>1</u>
	<u>2</u>		<u>2</u>
	<u>3</u>		<u>6a-c</u>
	<u> </u>		<u> </u>
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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE, GENERAL COUNSEL
FROM: MARJORIE W. EMMONS/ CHERYL A. FLEMING *ah*
DATE: DECEMBER 3, 1985
SUBJECT: OBJECTION - MUR 2061: First General Counsel's Report

The above-named document was circulated to the Commission on Monday, December 2, 1985, 11:00.

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

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

This matter will be placed on the Executive Session agenda for Tuesday, December 10, 1985.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Jesse Jackson for President) MUR 2061
Committee, et al.)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of December 10, 1985, do hereby certify that the Commission decided by a vote of 5-0 to take the following actions in MUR 2061:

1. Merge RAD Referral 84L-22 into MUR 2061.
2. Find reason to believe that the Jesse Jackson for President Committee and Emma Chappell, as treasurer, violated 2 U.S.C. §§ 434(b)(2), 434(b)(4), 434(b)(2)(K), 434(b)(3)(F), 434(b)(3)(E), 434(b)(8), 434(b)(5)(A), 434(b)(3)(B), 441a(a)(1)(A), 441b(a), 432(c)(1), and 434(b)(3)(A) and 11 C.F.R. § 104.3(d).
3. Find reason to believe that New Yorkers for Jesse Jackson and George Glee, Jr., as treasurer, violated 2 U.S.C. § 434(b)(3)(A).
4. Find reason to believe that The Jackson for President Committee- California, and Julius Glazer, as treasurer, violated 2 U.S.C. §§ 434(b)(3)(A) and 432(c)(1).

(Continued)

5. Approve and send the letters and General Counsel's Legal and Factual Analyses attached to the General Counsel's report dated November 24, 1985.

Commissioners Aikens, Elliott, Harris, Josefiak, and McDonald voted affirmatively for the decision; Commissioner McGarry was not present at the time of the vote.

Attest:

12-11-85

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 19, 1985

**Ms. Emma Chappell, Treasurer
Jesse Jackson for President Committee
c/o 1204 Papermill Road
Wyndmoor, PA 19118**

**RE: MUR 2061
Jesse Jackson for
President Committee
and Emma Chappell,
as treasurer**

Dear Ms. Chappell:

On December 10, 1985, the Federal Election Commission determined that there is reason to believe the Jesse Jackson for President Committee and you, as treasurer, violated 2 U.S.C. §§ 434(b)(2), 434(b)(4), 434(b)(2)(K), 434(b)(3)(F), 434(b)(3)(E), 434(b)(8), 434(b)(5)(A), 434(b)(3)(B), 441a(a)(1)(A), 441b(a), and 432(c)(1) and 11 C.F.R. § 104.3(d), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act") and the Commission's regulations. 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 fifteen days of your receipt of this letter. Statements should be submitted under oath.

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

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of General Counsel will make recommendations to the Commission either

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Ltr to Ms. Emma Chappell
Page 2

proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent will not be entertained.

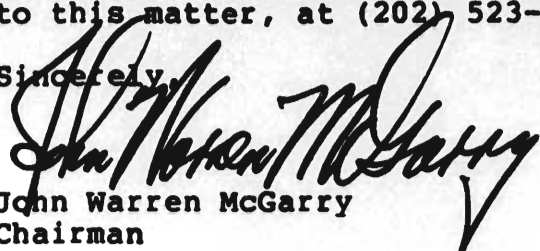
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of General Counsel is not authorized to give extensions beyond 20 days.

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 Charles Snyder, the attorney assigned to this matter, at (202) 523-4000.

Sincerely,


John Warren McGarry
Chairman

Enclosures

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

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FEDERAL ELECTION COMMISSION
GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NO. 2061
STAFF MEMBER: Charles Snyder
TELE. NO. 523-4000

RESPONDENT: Jesse Jackson for President Committee and Emma
 Chappell, as treasurer

SUMMARY OF ALLEGATIONS

Based on an audit authorized by the Commission, it appeared that the Jesse Jackson for President Committee ("JJPC") violated the Federal Election Campaign Act ("the Act") on the following grounds:

1. The reports of JJPC understated that committee's receipts by \$825,959.36 and its disbursements by \$1,094,534.89, in violation of 2 U.S.C. §§ 434(b)(2) and (4).
2. JJPC failed to itemize \$114,195.87 that it received in Federal matching funds pursuant to Chapters 95 and 96 of Title 26, in violation of 2 U.S.C. § 434(b)(2)(K).
3. JJPC failed to itemize all refunds, rebates, or offsets exceeding \$200, in violation of 2 U.S.C. § 434(b)(3)(F).
4. JJPC failed to report the receipt of \$350,000 in loans, the continuing obligation on a loan of \$100,000 and a payment of \$100,000 on a loan. Said respondent also failed to report \$31,713 in loans received by affiliated committees. The foregoing omissions constitute apparent violations of 2 U.S.C. §§ 434(b)(3)(E) and 434(b)(8), and 11 C.F.R. § 104.3(d).
5. JJPC failed to itemize various expenditures and to identify the recipients of such expenditures. Disbursements

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totalling \$705,905.99 and interest payments of \$12,570.82 were not itemized; disbursements of \$206,212.45 were itemized, but later voided and not offset correctly on the reports. Also, four disbursements, totalling \$45,400, were itemized twice. Some 122 expenditures, totalling \$59,514.26 on the committee's draft account were not itemized. Finally, the committee did not itemize \$117,975.27 spent by its affiliated, local committees. The foregoing errors and omissions resulted in violations of 2 U.S.C. § 434(b)(5)(A).

6. JJPC failed to itemize 117 contributions, worth \$12,095.83, from political committees. This omission presents a possible violation of 2 U.S.C. § 434(b)(3)(B).

7. JJPC accepted some 29 contributions from individuals, each in excess of \$1,000, in violation of 2 U.S.C. § 441a(a)(1)(A). The excess portion of these contributions amounted to \$5,561.64.

8. JJPC accepted five loans, aggregating \$5,850.00 from the Ecumenical Council for Community Concern, Inc., in violation of 2 U.S.C. § 441b(a).

9. It appears, based on a comparison of the JJPC's computerized data base and its reports, that \$60,000 in contribution batch records were not kept available for review. Evidently, the Jackson for President Committee - California ("JPC-CA") which received the funds in question on behalf of the

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JJPC, not forward the contribution records to the JJPC. Thus, it appears that JJPC violated 2 U.S.C. § 432(c)(1).

10. Finally, it appears that JJPC violated 2 U.S.C. § 434(b)(3)(A) as its affiliated committee, JPC-CA and New Yorkers for Jesse Jackson and George Glee, Jr., as treasurer ("NYJJ") failed to itemize contributions they received.

FACTUAL AND LEGAL ANALYSIS

The alleged violations of the Act, as enumerated above, may be analyzed as follows:

1. The Act requires political committees to report the total of all receipts and disbursements for both the reporting period and the calendar year. 2 U.S.C. § 434(b)(2) and (4). Due to JJPC's underreporting of both receipts and disbursements, there is reason to believe that that committee violated those provisions of the Act.

By way of mitigation, it should be noted that JJPC subsequently filed amended reports disclosing the necessary information for the pertinent periods. Audit initially reported that \$117,975.27 worth of disbursements at the state level remained unreported, but, after determining that these funds were transferred to the national committee, Audit concluded that no further report was needed.

2. The Act requires an authorized committee of a Presidential candidate to disclose in its reports the receipt of "Federal funds received under Chapter 95 and Chapter 96 of Title

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26...." 2 U.S.C. § 434(b)(2)(k). It appears that JJPC did not itemize one entire matching funds payment in July, 1984 (\$90,299.60) and a portion of another payment in May, 1984 (\$23,896.27), for a total of \$114,195.87. While respondents mitigated the violation by filing amended reports in February 22, 1985, there is nonetheless reason to believe that respondents violated the statute in question.

3. Political committees reporting under the Act are required to disclose the identification of each "person who provides a rebate, refund, or other offset to operating expenditures to the reporting committee in an aggregate value or amount in excess of \$200 within the calendar year, together with the date and amount of any such receipt." 2 U.S.C. § 434(b)(3)(F). The audit initially found that JJPC had failed to itemize the receipt of 22 refunds totalling \$138,069.77. Later, the audit division concluded that seven of these refunds need not have been reported, as "they were excess funds from private contributions deposited into state accounts which were transferred to the National Committee and were previously reported as contributions when deposited into the state accounts." (See Attachment 2). Thus, JJPC apparently violated the Act by failing to itemize 15 refunds worth \$113,534.51. By way of mitigation, it should be noted that respondents belatedly supplied the required information.

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It is further provided that such committee's reports shall disclose "the amount and nature of outstanding debts and obligations owed by or to such political committee; and where such debts and obligations are settled for less than their reported amount or value, a statement as to the circumstances and conditions under which such debts or obligations were extinguished and the consideration therefor." 2 U.S.C.

§ 434(b)(8). See also 11 C.F.R. § 104.3(d). According to audit, JJPC failed to itemize a \$250,000 loan received on May 22, 1984, and neither itemized nor disclosed a \$100,000 loan received on June 26, 1984. In June, 1984, JJPC repaid the lending institution \$300,000, but, as of July 31, 1984, had itemized payments totalling only \$200,000. While respondents submitted amended reports on January 2, 1985, there is reason to believe they violated the above-cited statutes. There is likewise reason to believe respondents violated the same statutes by failing to itemize and disclose \$31,713 worth of loans received by local affiliated committees.

5. The Act states that political committees must file reports revealing the name and address of each

(a) person to whom an expenditure in an aggregate amount or value in excess of \$200 within the calendar year is made by the reporting committee to meet a candidate or committee operating expense, together with the date, amount, and purpose of each operating expenditure....

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2 U.S.C. § 434(b)(5)(A). Audit's findings concerning JJPC's failure to itemize, or to itemize correctly, various disbursements would indicate that there is reason to believe a violation of the statute just cited has occurred. Audit has stated, however, that there was no need for itemization of \$117,975.27 that had previously been thought to have been expended on the state level.

6. Under the Act, a political committee must file reports identifying each "political committee which makes a contribution to the reporting committee during the reporting period, together with the date and amount of any such contribution." 2 U.S.C. § 434(b)(3)(B). In view of JJPC's failure to itemize the 117 contributions discussed above, there is reason to believe a violation of the statute just quoted has occurred. It should be noted, by way of mitigation, that the relevant reports were subsequently supplied.

7. The Act states that "no person shall make contributions - (A) to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed \$1,000." 2 U.S.C. § 441a(a)(1)(A). Audit found evidence that JJPC accepted twenty-nine contributions in excess of that amount, indicating that there is reason to believe a violation of that statute occurred. In mitigation, it should be noted that JJPC has refunded twenty-eight of those

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excess of that amount, indicating that there is reason to believe a violation of that statute occurred. In mitigation, it should be noted that JJPC has refunded twenty-eight of those contributions, and has submitted documentation that the remaining contribution was not excessive.

8. It is unlawful under the Act "for any corporation whatever... to make a contribution or expenditure in connection with any [Federal] election..., or for any candidate, political committee, or other person knowingly to accept or receive any contribution prohibited by this section...." 2 U.S.C. § 441b(a). As noted above, JJPC accepted \$5,850 worth of loans from the Ecumenical Council for Community Concern, Inc. Loans are deemed contributions under the Act. 2 U.S.C. § 431(8)(A)(i) and 441b(b)(2). In mitigation, the loans were refunded on February 21, 1985. Nonetheless, it appears that there is reason to believe that a violation of 2 U.S.C. § 441b had occurred.

9. Under the Act, "The treasurer of a political committee shall keep an account of -- (1) all contributions received by or on behalf of such political committee." 2 U.S.C. § 432(c)(1). As the audit found that \$60,000 worth of contribution batch records, with respect to funds received by JPC-CA on behalf of JJPC, are not available for review, there is reason to believe the above-cited statute was violated.

10. NYJJ failed to itemize 118 contributions, each in excess of \$200, amounting to \$22,131.47, and JPC-CA failed to

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itemize 210 contributions, each in excess of \$200, amounting to \$23,823.41. JJPC, as principal campaign committee, was responsible for the accurate filing of these reports. 2 U.S.C. § 432(f). Thus, there is reason to believe JJPC violated 2 U.S.C. § 434(b)(3)(A).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 19, 1985

Mr. George Glee, Jr., Treasurer
New Yorkers for Jesse Jackson
1473-77 Fulton Street
Brooklyn, NY 11216

RE: MUR 2061
New Yorkers for
Jesse Jackson
and George Glee, Jr.,
as treasurer

Dear Mr. Glee:

On December 10, 1985, the Federal Election Commission determined that there is reason to believe New Yorkers for Jesse Jackson and you, as treasurer, violated 2 U.S.C. § 434(b)(3)(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 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 fifteen days of your receipt of this letter. Statements should be submitted under oath.

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

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so

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Ltr to Mr. George Glee, Jr.
Page 2

that it may complete its investigation of the matter. Further, requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent will not be entertained.

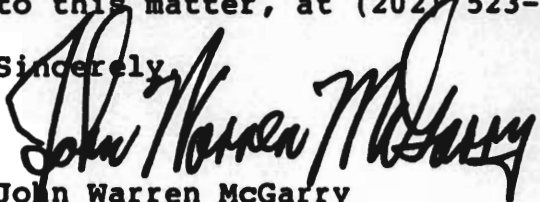
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of General Counsel is not authorized to give extensions beyond 20 days.

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 Charles Snyder, the attorney assigned to this matter, at (202) 523-4000.

Sincerely,


John Warren McGarry
Chairman

Enclosures

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

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FEDERAL ELECTION COMMISSION
GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NO. 2061

STAFF MEMBER: Charles Snyder

TEL. NO. 523-4000

RESPONDENT: New Yorkers for Jesse Jackson and George Glee, Jr., as treasurer

SUMMARY OF ALLEGATIONS

Based on an audit authorized by the Commission, it appears that New Yorker for Jesse Jackson ("NYJJ") failed to itemize 118 contributions, each of which was in excess of \$200, totalling \$22,131.47, on its disclosure reports. This omission involves a violation of 2 U.S.C. § 434(b)(3)(A).

FACTUAL AND LEGAL ANALYSIS

Under the Federal Election Campaign Act, each political committee must disclose in its reports the identification of each "person... who makes a contribution to the reporting committee during the reporting period, whose contribution or contributions have an aggregate amount or value in excess of \$200 within the calendar year..., together with the date and amount of any such contribution." 2 U.S.C. § 434(b)(3)(A). As NYJJ failed to comply with this requirement, there is reason to believe that the committee violated the statute just cited. In mitigation of that offense, amended Schedules A-P were filed on behalf of NYJJ on June 28, 1985, supplying the information previously omitted.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 19, 1985

Mr. Julius Glazer, Treasurer
Jackson for President Committee-California
3250 Wilshire Boulevard #1505
Los Angeles, California 90010

RE: MUR 2061
Jackson for President
Committee-California
and Julius Glazer, as
treasurer

Dear Mr. Glazer:

On December 10, 1985, the Federal Election Commission determined that there is reason to believe the Jackson for President Committee-California and you, as treasurer, violated 2 U.S.C. §§ 434(b)(3)(A) and 432(c)(1), 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 any such materials, within fifteen days of your receipt of this letter. Statements should be submitted under oath.

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

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent will not be entertained.

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Ltr to Julius Glazer
Page 2

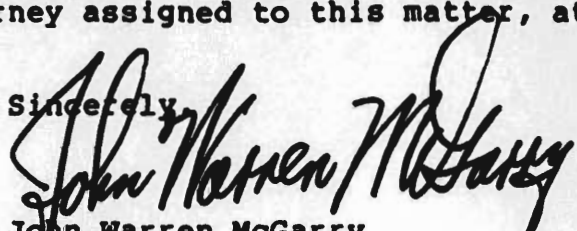
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of General Counsel is not authorized to give extensions beyond 20 days.

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 Charles Snyder, the staff member attorney assigned to this matter, at (202) 523-4000.

Sincerely,


John Warren McGarry
Chairman

Enclosures

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

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**FEDERAL ELECTION COMMISSION
GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS**

MUR NO. 2061
STAFF MEMBER: Charles Snyder
TELE. NO. 523-4000

RESPONDENT: The Jackson for President Committee -
 California, and Julius Glazer as treasurer

SUMMARY OF ALLEGATIONS

Based on an audit authorized by the Commission, it appears that The Jackson for President Committee - California ("JPC-CA") failed to itemize 210 contributions, each of which was in excess of \$200, and totaling \$23,823.41, on its disclosure reports. This omission constitutes an apparent violation of 2 U.S.C. § 434(b)(3)(A).

If further appears, based on a comparison of the Jesse Jackson for President Committee's ("JJPC") computerized data base and its reports, that \$60,000 in contribution batch records were not kept available for review. Evidently, the JPC-CA, which received the funds in question on behalf of the JJPC, did not forward the contribution records to the JJPC. Thus, it appears that JPC-CA violated 2 U.S.C. § 432(c)(1).

FACTUAL AND LEGAL ANALYSIS

The alleged violations of the Act, as set forth above, may be analyzed as follows:

As noted above, JPC-CA failed to itemize contributions in violation of 2 U.S.C. § 434(b)(3)(A). In mitigation, amended reports were filed for this committee on June 26, 1985. Nonetheless, there is reason to believe that statute was violated.

Under the Act, "The treasurer of a political committee shall keep an account of -- (1) all contributions received by or on behalf of such political committee." 2 U.S.C. § 432(c)(1). As the audit found that \$60,000 worth of contribution batch records, with respect to funds received by JPC-CA on behalf of JJPC, are not available for review, there is reason to believe above-cited statute was violated.

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GEORGE GLEE, JR.
246 MACON STREET
BROOKLYN, N.Y. 11216
(718) 638-0340

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January 10, 1986

Mr. John Warren McGarry
Chairman
Federal Election Commission
Washington, D.C. 20463

RE: MUR 2061
New Yorkers for Jesse Jackson
and George Glee, Jr. as Treasurer

Der Mr. McGarry:

We, the New Yorkers for Jesse Jackson, NYJJ, authorized State Committee, during the primary period of the Jesse Jackson for President Committee, under oath, hereby swear that to the best of our knowledge, we complied with the requirement of 2 U.S.C. § 434 (6)(3)(A). By disclosing in our reports the identification of each "person... who made a contribution to our Committee during the reporting period, (thru 9-30-84 // -0- Balance Oct. 1984), whose contribution or contributions have an aggregate amount or value in excess of \$200 within the calendar year; together with the date and amount of any such contribution.

We have no knowledge whatsoever of the contents of the amended schedule A-P filed on behalf of NYJJ on June 28, 1985, supplying information previously omitted. We find it virtually impossible that the NYJJ Committee failed to itemize 118 contributions, each of which was in excess of \$200, totalling \$22,131.47, on our disclosure reports.

We greatly resent the fact that we were not notified that an amended schedule A-P was filed on behalf of NYJJ on June 28, 1985, supplying information we allegedly omitted. Consequently, we have no knowledge of the alleged omissions or the information submitted to resolve the alleged problem.

Therefore, we must emphasize that I, George Glee, Jr. as Treasurer of NYJJ Committee, to the best of my ability and knowledge, filed all necessary reports to the FEC (with copies to the authorized National Committee - Jesse Jackson for President Committee) in compliance with FEC Guidelines for presentation in good order and the financial control and compliance manual.

We sincerely hope that this matter can be resolved on an immediate basis.

GGJ

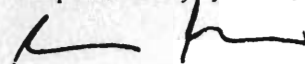
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Enclosed please find communiques, specifically relating to the official close out of our bank account, and proof that the original copies documenting all financial information were sent to the National Office of the Jesse Jackson for President Committee.

COMMUNIQUES

<u>DATE</u>	<u>TO</u>	<u>FROM</u>	<u>CONTENTS</u>
6/28/84	Mr. George Glee, Jr.	Ms. Linda Moody	Request for Financial Information
9/04/84	Ms. Linda Moody	Mr. George Glee, Jr.	Financial Information sent to National Committee and Audit Firm
10/03/84	Ms. Linda Moody	Mr. George Glee, Jr.	Check to close out Bank Account
10/05/85	Ms. Emma Chappell	Mr. George Glee, Jr.	Close out procedures for State and Local activities
11/07/85	Ms. Linda Moody	Mr. George Glee, Jr.	Compliance with final Close Out Procedures

Respectfully yours,



George Glee, Jr.
Treasurer

cc: Mr. Charles Snyder
Ms. Emma Chappell

Sworn to before me this
10th day January 1986



NOTARY PUBLIC

VICTORIA D. ROBERTSON
Notary Public, State of New York

No. 4704747
Qualified in Kings County
Commission Expires March 30, 1987

Jesse Jackson for President Committee

2100 M Street, N.W. Suite 316

Washington, D.C. 20047

202-294-1389

June 28, 1984

Mr. George Glee
Treasurer
New Yorkers for Jesse Jackson
1473-77 Fulton Street
Brooklyn, New York 11216

Dear Mr. Glee:

The Jesse Jackson National Campaign activity in your state has ended successfully with your major assistance.

It is now time for all campaign related activity to be come centrally located, in order for the Federal Elections Commission (FEC) to do their audit. We have been informed by the FEC that the audit will begin in August and all state activity will be audited from here, whether you operated independently from us or not.

You have been most cooperative in the past which has enabled us to match funds you have raised within your state. We have been able to include your financial reports as attachments to our monthly finance reports. We now want to be able to provide the FEC with the records needed for their audit.

We will need from you your accounting materials, check request vouchers with receipts attached, check book with stubs and unwritten checks, copies of all checks deposited into your account which you have not forwarded to us, your ledger sheets, whatever you have which will explain what you did financially in your state.

I am sure we are all planning and preparing for the National Convention, however, please keep someone on top of your closing out, in order for us to receive your materials no later than July 31, 1984. This will allow our auditors time to review prior to the FEC audit.

If you should have any questions for clarification please call. I look forward to seeing you in California.

Yours sincerely,

Linda H. Moody

Linda H. Moody
Comptroller

cc: Arnold Pinkney
Emma Chappell
Thomas, Coaxum & Hewitt

LHM/mam

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Jesse Jackson for President Committee
2100 M Street, N.W. Suite 316
Washington, D.C. 20037



Mr. George Glee
Treasurer
New Yorker for Jesse Jackson
1473-77 Fulton Street
Brooklyn, New York 11216

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Hon. Albert Vann
Chairman

NEW YORKERS FOR JESSE JACKSON

1473-1477 Fulton Street, Brooklyn, New York 11216 • 212-493-3001

George Glee, Jr.
Treasurer

September 4, 1984

Mrs. Linda H. Moody, Comptroller
Jesse Jackson for President Committee
2100 M Street, N.W. Suite 316
Washington, D.C. 20037

RE: Copies of Deposit
Slips & Checks
Through August, 1984

Dear Mrs. Moody:

It is our understanding that the National Committee and/or Renzi, Pinpi and Company have received copies of all checks with deposit slips reflecting contributions deposited into our account from November, 1983 thru July 31, 1984.

Enclosed please find the deposit slips and corresponding checks for August and September, 1984.

As per instructions from you and Renzi, Pinpi and Co., we have for all purposes closed out activity within our bank account as of August 31, 1984. The only deviation was that we deposited a refund check on 9/4/84 from the New York Telephone Co. amounting to \$2,754.92 into our account to cover outstanding debts as of August 31, 1984.

We anticipate issuing a check of approximately \$500 to the National Committee on or before September 15, 1984, formerly closing out the account.

Attached is Schedule I, reflecting outstanding checks as of August 31, 1984.

Also, attached is Schedule II reflecting stop payments on outstanding checks which upon request from the vendor should be treated as authorized for payment; refer to correspondence to Freedom National Bank dated August 29, 1984.

As of August 31, 1984, the enclosed invoice number 089900499 dated August 3, 1984 payable to Xerox in the amount of \$1,728.05 is the only authorized and approved item not paid. We are negotiating for this fee to be waived. Please hold this invoice in an unpaid file until further notice.

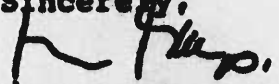
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We will be forwarding to the National Committee any contributory checks which are received by the State Committee from date of this correspondence. As indicated, enclosed please find check #0841 dated July 14, 1984 in the amount of \$100 from Janet W. Potter endorsed to National Committee for deposit.

I anticipate that this correspondence will clarify the open matters of concern.

Sincerely,


George Glee, Jr.
Treasurer

cc: Honorable Albert Vann
Renzi, Pinpi & Co.

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NEW YORKERS FOR JESSE JACKSON

1473-1477 Fulton Street, Brooklyn, New York 11216 • 212-493-3001

Hon. Albert Vann
Chairman

George Glee, Jr.
Treasurer

October 3, 1984

Mrs. Linda Moody, National Comptroller
Jesse Jackson for President Committee, Inc.
2100 M Street, N.W.
Washington, D.C. 20036

RE: Check to Close
Out Bank Account
#202-9960

Dear Mrs. Moody:

Enclosed please find check #1530 dated September 30, 1984 amounting to \$651.17, payable to Jesse Jackson for President Committee.

This check is issued to close out the New Yorkers for Jesse Jackson bank account #202-9960, as per your directive.

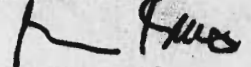
We have requested that Freedom National Bank send us a statement reflecting a zero balance (-0-) during October, 1984 which we will immediately forward to you.

The book balance as of September 30, 1984 is \$70.66. The below listed reconciliation reflects the bank fees to be incurred during October, 1984 to reduce our bank account to a zero balance (-0-).

Balance per Books as of 9/30/84		\$70.66
Business Checking Service Fee	\$15.00	
Charge for Checks Paid	.16	
Charge for Copies of Checks (8 x \$5)	40.00	
Bank Reconciliation Fee (Minimum)	7.50	
Stop Payment Fee for Check #1518, dated 8/31/84, Payable to Laura Pegran, amounting to \$195	8.00	70.66
Balance per Books as of 10/3/84		<u>-0-</u>

Also, enclosed are unused check stubs and checks thru number 1599 with the signatures space destroyed.

Sincerely,


George Glee, Jr.
Treasurer

cc: Honorable Albert Vann
Ms. Emma Chappell, National Treasurer

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NEW YORKERS FOR JESSE JACKSON

1473-1477 Fulton Street, Brooklyn, New York 11216 • 212-493-3001

Hon. Albert Vann
Chairman

George Glee, Jr.
Treasurer

October 5, 1984

Ms. Emma Chappell, National Treasurer
Jesse Jackson for President Committee, Inc.
2100 M Street, N.W.
Washington, D.C. 20036

RE: Close-Out Procedures
for State and
Local Activities

Dear Ms. Chappell:

Pursuant to Chapter IX, Close Out Procedures, as mentioned in the F.E.C. Financial Control and Compliance Manual, we the authorized State Committee, New Yorkers for Jesse Jackson have complied with all actions as set forth to close out State and local activities.

Our final action will be the mailing of the October, 1984, zero (-0-) balance bank statement sometime before the end of the month.

As directed, we have sent our original records along with copies of all reports and statements filed to make them more readily available for audit, inspection or examination by the Commission at the National Office. We, also have/will augment compliance with the record retention policy of the F.E.C. by maintaining a duplicate set of all records, copies of reports and statements in secured files located in the basement of Mr. George Glee, Jr., State Treasurer, 246 Macon Street, Brooklyn, New York 11216.

Enclosed is a listing of our record retention files.

Sincerely,

George Glee, Jr.
Treasurer

cc: Honorable Albert Vann, State Chairman
Mr. Arnold Pinkney, National Campaign Manager
Mrs. Linda Moody, National Comptroller
Mr. Lloyd Dickens, Finance Chairman, N.Y.S.
Mr. Howard Renzi
Renzi Pinpi & Co., CPA



NEW YORKERS FOR JESSE JACKSON

1473-1477 Fulton Street, Brooklyn, New York 11216 • 212-493-3001

Hon. Albert Vann
Chairman

George Glee, Jr.
Treasurer

November 7, 1984

Mrs. Linda Moody
National Comptroller
Jesse Jackson for President Committee, Inc.
2100 M Street, N.W.
Washington, D.C. 20036

RE: Copies of Deposited
Checks as Requested
Bank Statements
As of 9/28/84 and
10/18/84

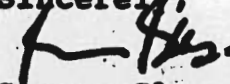
Dear Mrs. Moody:

Enclosed are bank statements and supportive information for the period ended September 28, 1984 and October 18, 1984.

Pursuant to our October 5, 1984 correspondence to Ms. Emma Chappell, the aforementioned bank statement as of October 18, 1984 reflects a zero (-0-) balance which complies with final close out procedures for the State bank account #202-9960.

Also, enclosed are copies of deposited checks as requested. Refer to correspondence dated October 2, 1984.

Sincerely,


George Glee, Jr.
Treasurer

cc: Honorable Albert Vann, State Chairman
Mr. Arnold Pinkney, National Campaign Manager
Ms. Emma Chappell, National Treasurer
Mr. Lloyd Dickens, Finance Chairman, N.Y.S.
Mr. Howard Renzi, Renzi, Pinpi & Co., CPA

7

8704061084

CCCH#9422

Jesse Jackson for President Committee

2100 M Street, N.W. Suite 308
Washington, D.C. 20037
202-293-1289

REC
TARY
00 JAN 13 All : 36

January 10, 1986

Mr. John Warren McGarry, Chairman
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

Re: MUR 2061 - Jesse Jackson for
President Committee and
Emma Chappell, Treasurer

Dear Chairman McGarry:

As you are aware, the undersigned served as Treasurer of the Jesse Jackson for President Committee. By letter dated December 19, 1985, the Federal Election Commission presented to the undersigned MUR 2061.

For your information, however, such letter was received by me on December 28, 1985 within the rush of the holiday season.

Pursuant to applicable regulation and policy, the undersigned, for herself, and on behalf of the Jesse Jackson for President Committee, hereby respectfully requests a 15 day extension in connection with our submission of factual and legal materials relevant to MUR 2061.

We would respectfully suggest that this request for an extension is warranted in that the letter of the Federal Election Commission was not received by the undersigned until December 28, 1985. It would appear that any delay in receipt may have been caused by the demands of holiday mail service.

Under separate cover, we are providing to you the Statement of Designation of Counsel, notwithstanding the fact that we had previously provided the same to you through correspondence dated November 26, 1985, transmitted via certified mail and received December 3, 1985.

RECEIVED
OFFICE OF THE
GENERAL COUNSEL

36 JAN 13 PM 1:13

8

January 10, 1986
John Warren McGarry, Chairman
Page two

We look forward to receiving confirmation of our request for
a 15 day extension.

Very truly yours,

Emma C. Chappell

Emma C. Chappell, Treasurer
Jesse Jackson for President
Committee

ECC/arh
cc: Charles Snyder, Esquire

8704061086

Gcc# 9435

Renzi, Pinti & Co.

Certified Public Accountants

A Professional Corporation

65 JAN 15 AIO : 33

36 JAN 15 AII : 47

RECEIVED
OFFICE OF
GENERAL COUNSEL

January 13, 1986

Mr. John Warren McGarry, Chairman
Federal Election Commission
1325 "K" Street, N.W.
Washington, DC 20463

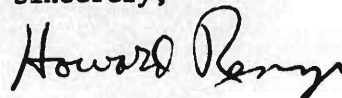
RE: MUR 2061 - Jesse Jackson for
President Committee and
Emma Chappell, Treasurer

Dear Mr. McGarry:

In connection with our telephone conversation today, please find enclosed a copy of Mrs. Emma Chappell's letter dated January 10, which was forwarded via federal express mail on that same date.

Please accept our apology for any inconvenience this may have caused.

Sincerely,



Howard Renzi

HR:sw
Enclosure

cc: Emma Chappell

9

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Attachment(s) Enclosure

to Ltr 13 JAN 86

have been removed from this
position in Public Record File.

See Index Item(s) 8

8704061098

JULES GLAZER
BUSINESS MANAGEMENT

600 S. BERENDO ST. STE. 102
LOS ANGELES, CA 90005
(213) 284-7050

RECEIVED AT THE FEC

86 JAN 18

COCC#9494
PH: 000

January 14, 1986

Charles Snyder
Federal Election Commission
Washington, D.C. 20463

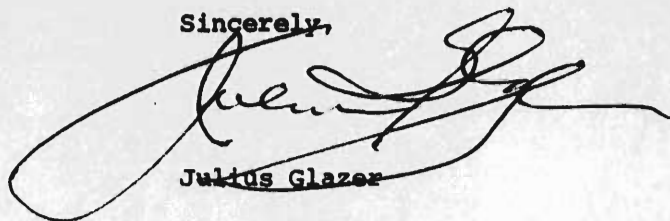
RE: MUR 2061

Dear Mr. Snyder:

This is in regard to your letter of December 19
notifying us of possible violations in the Jackson for
President Committee-California.

I was out of the country until January 13 and therefore
did not see the letter until that time. To enable me to
address the allegations to the full extent, I request a two
week extension to respond.

Sincerely,



Julius Glazer

JG:kd

RECEIVED
GENERAL COUNSEL

86 JAN 21 P 1:38

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 22, 1986

Mr. Edward C. Coaxum
Coaxum & Hewitt
Suite 1600, The Illuminating Building
55 Public Square
Cleveland, Ohio 44113

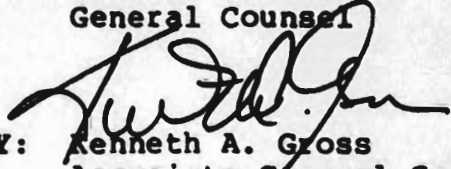
Re: MUR 2061 - Jesse Jackson for
President Committee and Emma
Chappell, Treasurer

Dear Mr. Coaxum:

In response to the letter sent by your clients in the above-captioned matter, dated January 10, 1985, please be advised that, in light of the circumstances of the case, the request for an extension of time has been granted. Your response to the Commission's finding is now due on January 28, 1986.

Sincerely,

Charles N. Steele
General Counsel


BY: Kenneth A. Gross
Associate General Counsel

87040561090

//

JULES GLAZER
BUSINESS MANAGEMENT

Snyder
SUITE 1505
3250 WILSHIRE BOULEVARD
LOS ANGELES, CALIFORNIA 90010
384-7030

FOR TO
OCC
1/29/86

CG#4592

CC JAN 29 P2:55

January 27, 1986

John Warren McGarry, Chairman
Federal Election Commission
1325 K St., N.W.
Washington, D.C. 20463

Re: MUR 2061
Jackson for President
Committee-California

36 JAN 29 P3:33

GENERAL COUNSEL

Dear Mr. McGarry:

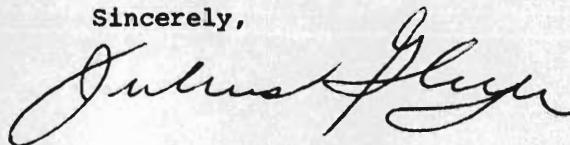
We are in receipt of your letter dated December 19, 1985 concerning violation of the provisions of the Federal Election Campaign Act of 1971.

As treasurer of the Jackson for President Committee-California (JPC-CA), I filed monthly reports on behalf of this committee each and every month. I sent copies of the reports on a timely basis to the JJPC. Each week I also sent the original records of all the receipts and disbursements to Linda Moody, an employee of the JJPC, without acception, keeping a duplicate record for our files.

The allegation made that certain batch records were not available is not due to any fault of my committee. On three different occasions, Ms. Moody asked that we send additional copies of receipts and disbursements records, as she could not locate the original records that were previously sent. Enclosed you will find three copies of Express Mail receipts indicating the three dates that we sent Ms. Moody the records that were requested.

As the violations were corrected by amended reports, I ask the Commission that a conciliation be made, as there was no willful violation of the law and my office adhered to all of the rules and regulations pertaining to a Presidential Campaign Committee working separately from the Candidate's National Campaign Committee.

Sincerely,



Julius Glazer

87040561091

FROM:

Jackson for President Committee- California

698 S. Berendo St., #102
Los Angeles, Ca. 90005

Customer Number, if any

TO:Jackson for President
2100 M St., N.W.
Washington, D.C. 20036

• U.S.G.P.O. 1984-425-341 Label 11B (1-84)

EXPRESS MAIL
NEXT DAY SERVICEPOST OFFICE
TO ADDRESSEE**ORIGIN:**Initials of
Receiving
Clerk

P.O. ZIP Code

Date in

Time in

Return Receipt Service
(Additional fee required)☐ To Whom & Date Del.☐ To Whom, Date
& Address of Del.

Weight

Lbs.

Postage

& Fees: \$

B 72914125**SERVICE GUARANTEE:**

Domestic mailings under this service made at designated local facilities and before a specified cutoff time will be accepted for express shipment to a designated USPS delivery area. Having Express Mail service for next day delivery to an addressee or agent on or before the time specified by the USPS. If mailing USPS will refund upon application to originating office the postage for any shipments mailed under this service and not meeting the service standard except for those delayed by strike or work stoppage. See USPS Notice 43 for details.

INSURANCE COVERAGE:

See Sections 294 and 295 of the Domestic Mail Manual for exclusions of coverage.

(1) Document Insurance: Insurance for non-regulatory documents are insured against loss, damage, or theft up to \$50,000 per piece, subject to a limit of \$500,000 per declaration.

(2) Merchandise Insurance: Merchandise is insured against loss, damage, or theft up to a maximum of \$500.

- Signature is required upon delivery.
- Claims for delay, loss, damage or theft must be made within 90 days. Claim forms may be obtained at the post office of mailing.
- This receipt must be presented when a claim is filed.

EXPRESS MAIL SERVICE**Customer Receipt**

FROM:**Jackson for President Committee- California****698 S. Berendo St., #102
Los Angeles, CA. 90005**

Customer Number, if any

TO:**Jackson for President
2100 M St., N.W.
Washington, D.C. 20036**

• U.S.G.P.O. 1984-425-341 Label 11B (1-84)

EXPRESS MAIL
NEXT DAY SERVICE**POST OFFICE
TO ADDRESSEE****ORIGIN:**Initials of
Receiving
Clerk *CP*P.O. ZIP Code
90005

Date in

Time in

*1/17**4:18***Return Receipt Service
(Additional fee required)**☐ To Whom & Date Del.
☐ To Whom, Date
& Address of Del.Weight *1*

Lbs.

Postage

& Fees: \$ *9.35***B 72914125****SERVICE GUARANTEE**

Domestic mailings under this service made at designated USPS facilities on or before a specified deposit time will be accepted for Express Mail Service for next day delivery to an addressee or agent on or before the time specified by the USPS at mailing. USPS will refund upon application to originating office the postage for any shipments insured under this service and not meeting the service standard except for those delayed by strike or work stoppage. See USPS Notice 43 for details.

INSURANCE COVERAGE

See Sections 294 and 295 of the Domestic Mail Manual for exclusions of coverage.

(1) Document Reconstruction Insurance: Non-negotiable documents are insured against loss, damage, or theft up to \$50,000 per piece, subject to a limit of \$500,000 per mailing.

(2) Merchandise Insurance: Merchandise is insured against loss, damage, or theft up to a maximum of \$500.

• Signature is required upon delivery.
• Claims for delay, loss, damage or theft must be made within 90 days. Claim forms may be obtained at the post office of mailing.
• This receipt must be presented when a claim is filed.

EXPRESS MAIL SERVICE**Customer Receipt**

12

Jesse Jackson for President Committee

2100 M Street, N.W. Suite 308
Washington, D.C. 20037
202-293-1289

OFFICE OF THE FEC
COMMISSION SECRETARY

00 JAN 28 P 4: 07

January 27, 1986

HAND DELIVERED

Mr. John Warren McGarry, Chairman
Federal Election Commission
999 "E" Street, N.W.
Washington, D.C. 20463

Re: MUR 2061, Jesse Jackson
for President Committee
and Emma Chappell,
Treasurer

Dear Chairman McGarry:

The purpose of this correspondence is to provide to the Federal Election Commission (the "FEC") the formal response of the Jesse Jackson for President Committee (the "JJPC"), the principal campaign committee of Reverend Jesse L. Jackson, in connection with the General Counsel's Factual and Legal Analysis. Such Factual and Legal Analysis forms the basis for the FEC's findings which are reflected in the above-captioned MUR 2061.

The following explanatory information, under oath, should demonstrate that no action should be taken by the FEC against JJPC and/or its Treasurer, Emma Chappell.

A. General Information

It is the contention of JJPC that there were no willful or deliberate violations of the Federal Election Campaign Act (the "Act") or related regulations. In its formal Summary, the office of General Counsel refers to ten (10) separate matters asserted to be violations of the Act. The Factual and Legal Analysis of the office of General Counsel, however, acknowledges that nine of the ten asserted matters relate to late or delayed filings of reports or information with the FEC and/or matters subsequently corrected.

Such delays were not deliberate or willful; rather, they reflected the technical inexperience of local, dedicated grass-roots volunteers, many of whom had entered the realm of a national political campaign for the first time in response

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Rec. Jackson
Office
1/28/86
BOOK 9579

06 JAN 29 A 9: 48

GENERAL COUNSEL

to the historic candidacy of Reverend Jesse L. Jackson.

Upon Reverend Jackson's formal announcement in November, 1983, that he would seek the presidential nomination of the Democratic party, scores of supporters nationwide began organizing for the candidate and taking spontaneous initiatives in his support. Generally, these supporters were average American voters who had not administered activities relating to a national campaign, but who were energized by Reverend Jackson's candidacy. Further, such supporters had not been an integral part of a national campaign. Many supporters viewed themselves as a part of a local groundswell movement, rather than as essential components of a national campaign organization.

JJPC, as the principal campaign committee of Reverend Jackson, was charged with the responsibility of complying with the Act. In order to do so, JJPC had to (i) locate those diverse supporters of Reverend Jackson throughout the nation, (ii) challenge their enthusiasm, and (iii) educate and assimilate those supporters into the structure of a national organization, highly regulated by the FEC.

Thus, JJPC established its operational structure by designating a well-respected banker as treasurer, hiring an experienced FEC consultant, and selecting a well qualified firm of independent certified public accountants. Together with legal counsel, a system of internal operations and fiscal controls was established to be implemented by the Office of Comptroller on a daily basis. The FEC consultant and the independent accountants developed policies and procedures in order to train the national staff to carry out key functions. In this regard, the office of the Treasurer developed a comprehensive Financial Control Manual for state organization disbursement accounts (See Enclosure I). Such manual comprehensively sets forth financial responsibilities regarding state organization accounting procedures with respect to disbursements. This comprehensive document was an accounting procedures manual designed to provide full reporting and compliance information to local volunteers. Furthermore, in order to assist and educate those local volunteers which had been identified, in addition to providing the procedures manual, site support visits ensued, and telephone assistance and support were provided by the national office.

Notwithstanding these careful and deliberate activities of JJPC to comply with the Act in a timely fashion, delays in satisfying FEC reporting requirements were experienced. At the inception, filing delays resulted from the time consuming process of obtaining and carefully verifying financial information resulting from the initial round of enthusiastic voluntary activity. Delays in fulfilling specific filing requirements were experienced subsequently, as additional

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volunteers became involved with the campaign and had to be acclimated and educated to the document collection, retrieval and reporting requirements.

To reiterate, those matters of concern raised by the office of General Counsel related primarily to delays in filing. As indicated previously, such delays were neither willful nor deliberate. In an orderly fashion, JJPC attempted to involve as many interested and dedicated Americans as possible in the candidacy of Reverend Jackson. As previously stated, many of these supporters had not been involved in a national campaign before.

It must be noted, however, that notwithstanding the grass-roots nature of JJPC and its relative lack of experience regarding FEC compliance requirements, upon audit, there has not been disclosed any (a) recordkeeping violations, (b) no unsupported disbursements, and (c) no nonqualified expenditures.

As more specifically delineated hereafter, we would respectfully request that the FEC determine that no action be taken against JJPC and/or its National Treasurer, Emma Chappell.

B. Mitigating Factors

1. State Level

Allegation #1: "The reports of JJPC understated that committee's receipts by \$825,959.36 and its disbursements by \$1,094,534.89, in violation of 2 U.S.C. SS 434(b)(2) and (4)."

The asserted understatements of receipts and disbursements principally related to well intentioned activities of volunteers at the state level. No willful or deliberate violation of law has occurred.

Immediately after Reverend Jackson announced his candidacy, state campaign checking accounts were established in several states prior to the final formulation of the principal campaign committee. Upon its formulation, the JJPC procedures manual, as distributed to state volunteers, contemplated that all contributions to the campaign generated at state levels and all supportive documentation would be transmitted immediately to the national office, where such contributions would be deposited in the national account. All supportive contribution documents were to be maintained in the national office in order to provide a foundation for the receipt of matching funds. Similarly, all disbursements relating to state generated expenses would be made from the centralized

national account, upon the presentation of appropriate vouchers.

Certain dedicated state volunteers, nevertheless, deposited state generated contributions into their state checking accounts and made disbursements therefrom, all in an effort to facilitate the candidacy of Reverend Jackson without what they perceived to be the intermediate delay that may have been caused by depositing such contributions into the national account. Such procedures, while apparently not in violation of the Act, did not comply with policies set forth in the JJPC procedures manual.

Use of various state accounts delayed the receipt of state contributions and disbursements by the national office. Such delay, in turn, impeded the ability of JJPC to report information relating to contributions and disbursements in a timely fashion to the FEC.

Further, inasmuch as the national office was cognizant of the existence of certain state checking accounts, a determination was made to provide comprehensive disclosure to the FEC, only upon the receipt and verification of all state information. As a result, amended filings were made with the FEC in November of 1984 and in January of 1985, upon the receipt and verification of all information.

2. National Level

As previously stated, a substantial majority of the allegations asserted to be violations of the Act, notably Allegations 1, 2, 3, 4 and 5, relate principally to incomplete information, subsequently corrected through amended filings with the FEC. While these matters may represent technical breaches, they were not deliberate or willful violations of the Act. Furthermore, all relevant information has been fully disclosed to the FEC through amended filings.

The internal accounting and bookkeeping staff of JJPC and volunteers were sincere, hardworking and loyal. Certain circumstances, however, impeded the ability of the staff and volunteers to provide comprehensive, monthly financial disclosure reports.

Those problems relating to state organizations have been previously discussed herein above at subparagraph 1. In response to the sheer volume of small to moderate campaign contributions, the staff expended considerable time processing the source documents for cash receipts and cash disbursements in order to comply with the requirements of the Act, as well as

the internal cash control system.

As a result of the significant amount of time spent processing source documents, especially during the inception of the Campaign, the monthly bank statements were not fully reconciled; thus, one of the primary sources of information for FEC monthly reports could not be utilized.

This condition was further exacerbated by a series of NSF checks which complicated the reconciliation process.

In order to rectify the situation, JJPC expanded the scope of the engagement of its independent certified public accountants and authorized them to complete a total reconciliation of the monthly bank statements. When this time consuming process was completed, accurate accounting information was then available so that amended filings could be and were made to complete and/or update previously submitted data.

C. Specific responses to certain allegations not covered by those mitigating factors set forth above

1. Allegation #4 - Failure to report certain loans

For purposes of clarity, the general statements set forth in paragraph B-2 above are responsive to allegation #4, except as hereinafter provided.

Allegation #4 also indicates that JJPC failed to report \$31,713.00 in loans received by affiliated committees. As more particularly described in subparagraph B-1 above, certain accounting records involving certain states were not received by the national office until late in the campaign. Accordingly, documentation relating to \$31,713.00 in loans were not itemized on Schedule A-P nor disclosed as a debt on Schedule C-P until late in the campaign.

On November 30, 1984 and January 2, 1985, JJPC submitted amendments which corrected these omissions. In fact, the audit staff of the FEC through correspondence dated May 22, 1985 acknowledged receiving amendments correcting these omissions. We respectfully request, therefore, that the mitigating aspect of these matters be acknowledged.

2. Allegation #5 - Alleged failure to itemize various expenditures and identify the recipients of such expenditures.

Reference is made to correspondence made May 22, 1985

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from the audit division of the FEC to JJPC. Such correspondence acknowledges that on November 30, 1984 and January 2, 1985, JJPC submitted amendments which materially corrected the concerns as expressed in allegation #5. We respectfully request, therefore, that inasmuch as such amendments have been submitted that the mitigating aspect of this matter be acknowledged.

3. Allegation #6 - Alleged failure to itemize contributions from political committees.

JJPC utilized the professional services of an established computer service bureau for the automated processing of contributions. The computer program developed by the vendor was designed to facilitate reporting and control in compliance with the Act and related regulations. This program was utilized by JJPC as well as three other presidential candidates during the primary. JJPC, however, was the only client of the service bureau which accepted contributions from political committees. The software program contained a flaw which prevented the proper reporting of contributions from political committees. Accordingly, the computer program failed to highlight data relating to contributions from political committees; as a result, such contributions were not readily brought to the attention of the staff of JJPC. Once apprised of the oversight, JJPC filed amended reports, as noted by the General Counsel of the FEC in appropriate mitigation.

4. Allegation #7 - Regarding excessive individual contributions.

Upon review, JJPC received contributions from in excess of ninety-thousand separate contributors. Only twenty-nine of these individuals were determined to have contributed in excess of the statutory limit; however, immediately upon receiving notification of such excess contributions, JJPC took appropriate action to correct this matter by refunding, in nearly every case, all contributions in excess of the statutory limit. These corrective actions were acknowledged by the General Counsel.

5. Allegation #8 - Regarding the acceptance of certain loans.

The FEC audit staff identified five loans from the Ecumenical Council for Community Concern, Inc.. JJPC was unaware of this matter, since it had not received state account documentation until late in the campaign. JJPC subsequently received a letter from

the President of the Ecumenical Council for Community Concern, Inc. who requested a refund. On December 31, 1984, JJPC did, in fact, issue in full, a refund in the amount of \$5,850.00.

It should be noted that the Factual and Legal Analysis of the General Counsel inadvertently dated the refund as February 21, 1985. The May 22, 1985 correspondence from the audit staff to JJPC correctly acknowledges that the refund check was dated December 31, 1984.

6. Allegation #9 - Regarding allegations relating to the unavailability of certain records.

It has been alleged that \$60,000 in contribution batch records were not kept available for review in connection with the Jackson For President Committee - California.

The contribution batch records supporting funds received by JPC-CA on behalf of JJPC during the period May 1 - 16, 1984 have been available for audit since July, 1985. JJPC has previously notified the FEC of the availability of such information. The audit division has recently scheduled a review of such documentation.

7. Allegation #10 - Relating to alleged violations of affiliated committees.

In order to clarify this matter, it should be noted that amended Schedules A-P were filed on behalf of New Yorkers for Jesse Jackson and George Glee, Jr. as Treasurer and JPC-CA on June 28, 1985 and June 26, 1985, respectively, supplying the information previously omitted. We respectfully request that the mitigating aspect of these matters be acknowledged.

In conclusion, on behalf of the Jesse Jackson For President Committee and the undersigned, we hereby respectfully request that in view of the mitigating factors specifically set forth herein, as well as the specific responses to certain allegations as disclosed herein, no action be taken by the FEC against the Committee and/or Emma Chappell as Treasurer. In view of an absence of willful or deliberate violations of the Act and in response to the sincere enthusiasm of grass-roots volunteers and a largely unseasoned staff, we respectfully request that the FEC acknowledge the efforts expended by the Campaign to comply with applicable law and regulations.

JJPC initiated a carefully prepared program of compliance. Furthermore, it sought to guarantee further the process by insisting upon audit procedures to determine any act which failed to meet FEC standards or otherwise failed to comply with such standards. Upon review, JJPC exercised more than due diligence in

its mandated responsibilities.

The foregoing statements of fact, to the best of my knowledge and belief, are true in all material respects.

Very truly yours,

Jesse Jackson For President
Committee and Emma Chappell
as Treasurer

By: Emma C. Chappell
Emma Chappell, Treasurer

cc: Charles N. Steele, General Counsel
Kenneth A. Gross, Associate General Counsel
Charles Snyder, Esquire, Office of the General Counsel
Reverend Jesse L. Jackson
Arnold R. Pinkney
Edward C. Coaxum, Jr., Esquire
Howard R. Renzi, CPA

Sworn to and subscribed before me
this 28th day of Jan, 1986

Linda Lehman

LINDA LEHMAN
Notary Public, Phila., Phila. Co.
My Commission Expires March 28, 1987

87040561101

REV. JESSE L. JACKSON FOR PRESIDENT, INC.

FINANCIAL CONTROL MANUAL FOR
STATE ORGANIZATION DISBURSEMENT ACCOUNTS

87040361102

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I. RESPONSIBILITIES OF STATE TREASURERS

Assist the National Campaign Treasurer in assuring compliance with FEC Laws and Regulations.

Assure that Proper records are maintained for disbursements in their states.

Safeguard Campaign Assets (i.e., cash rental property, inventory, brochures, refund checks).

Forward all contributions to the National Office.

Assure that all disbursements are for legitimate campaign purposes and that they are properly documented.

Obtain the complete mailing address of all persons to whom payments are made.

Assure that cash disbursements to any one person do not exceed \$25.00.

Open only a disbursement checking account in the name of Jesse Jackson for President Committee.

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II. ACTIONS REQUIRED OF STATE TREASURERS

A. GENERAL REQUIREMENTS

1. Familiarize yourself with this procedures manual.
2. Locate a person with good clerical skills to assist you with the recordkeeping requirements.
3. Have a local accountant read this manual and assist you in assuring compliance. The national accounting staff will provide your accountant with more detailed information.
4. The Federal Election Laws often seem illogical. Remember that the national office did not make the rules. Please assist in obtaining information when requested, even though the request maybe time consuming.

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B. OPENING THE BANK ACCOUNT

1. Obtain at least two SIGNATURE CARDS and a CORPORATE RESOLUTION FORM from the bank you wish to establish an account with.
2. Send the cards and the resolution to LINDA MOODY at the National Office.
3. Linda Moody will quickly have the corporate officers approve the account and send you the cards and resolution along with a COMMITTEE CHECK that you will use to establish the account.
4. If you have already opened an account, obtain the forms and send them to LINDA MOODY.
5. If you used a CONTRIBUTION CHECK to open the account, CONTACT LINDA MOODY for instructions.
6. It is crucial that EMMA C. CHAPPELL, the NATIONAL CAMPAIGN TREASURER, be a SIGNATORY on your account. Otherwise, she will have difficulty producing records for the FEC AUDIT which would subject Rev. Jackson and the campaign to FINES and EMBARRASSMENT.
7. In any event, notify Linda Moody of both the account number and the bank manager's name and telephone number so that she can arrange wire transfers of funds to the account.

87040361106

ACTIONS REQUIRED OF STATE TREASURERS (CONT'D)

C. MAINTAINING THE BANK ACCOUNT

1. Your state bank account is a DISBURSING ACCOUNT.
2. NO CONTRIBUTIONS SHOULD BE DEPOSITED.
3. Contributions should be sent to the National Office so that they can be processed for FEDERAL MATCHING FUNDS.
4. NO REFUNDS FROM VENDORS SHOULD BE DEPOSITED. Refunds are a sensitive FEC audit issue and must be disclosed in detail to the FEC.
5. Refund checks from vendors should be sent to the National Office. The National Office accounting staff is responsible for filing the refund report and for preparing the refund file for the FEC audit.
6. The National Office will send you CAMPAIGN CHECKS or WIRE TRANSFERS to replenish your account based on your budget and campaign objectives.
7. The BANK STATEMENT will be sent by the bank to the National Office.

IF THE BANK SEND YOU THE BANK STATEMENT
IMMEDIATELY FORWARD IT TO LINDA MOODY.

LINDA MOODY will send you a copy of the statement for your records.

8704061107

ACTIONS REQUIRED OF STATE TREASURERS (CONT'D)

D. MAINTAINING YOUR CHECK REGISTER

1. Your check book will probably have stubs for recording the checks you have written. You should use it for that purpose, but you must also maintain a check register for the national office. WITHOUT THE REGISTER THE NATIONAL TREASURER CANNOT MAINTAIN THE RECORDS OF ALL THE STATE OFFICES AND RUNS THE RISK OF NONCOMPLIANCE, WHICH COULD RESULT IN SUBSTANTIAL FINES.
2. The check register should be kept on columnar paper (see sample form on page 17).
3. All deposits made and checks written should be listed on the register.
4. No contribution checks are to be deposited.
5. The account balance should be written after each transaction.
6. For each check you will list:
 - The check number
 - The check date
 - The amount
 - The payee
 - The purpose of the expenditure
7. Voided checks should be listed as voided.
8. Every Thursday you will prepare a copy of the check register and send it to LINDA MOODY at the national office along with copies of the CHECK VOUCHER (see "EXPENDITURE DOCUMENTATION" and "TRANSMITTING FINANCIAL DOCUMENTS TO THE NATIONAL OFFICE").

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ACTION REQUIRED OF STATE TREASURERS (CONT'D)

E. EXPENDITURE DOCUMENTATION

1. A CHECK REQUEST VOUCHER (see "SAMPLE FORMS" PAGE 16) must be prepared for each check written from your state checking account.
2. The CHECK REQUEST VOUCHERS should have the following information:
 - Payee name
 - Payee street address
 - Payee city, state and zip code
 - Description of purpose
 - Check amount
 - Signature of person requesting the check
 - Signature of state chair or designee
 - Signature of state treasurer or designee
 - Check number
 - Check date
3. The INVOICE or other documentation supporting the expenditure should be STAPLED to the CHECK REQUEST VOUCHER.
4. The check request voucher should be filed in CHECK NUMBER order.
5. The CHECK REQUEST VOUCHER with ORIGINAL INVOICES must be sent to the National Office, along with the CHECK REGISTER (see "MAINTAINING A CHECK REGISTER" page 9; and TRANSMITTING FINANCIAL DOCUMENTS TO THE NATIONAL OFFICE" page 18).
6. You should keep copies of the Check Request Vouchers and related invoices for your record.
7. Please note that no request for additional campaign funds will be honored until each State Treasurer has forwarded completed copies of Check Request Voucher forms, together with receipts and invoices to explain the amounts previously reviewed.

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ACTIONS REQUIRED OF STATE TREASURERS (CONT'D)

F. MAINTAINING A PETTY CASH FUND

1. IT IS ILLEGAL TO MAKE CASH (CURRENCY) EXPENDITURES IN EXCESS OF \$25.00 TO ANY ONE PERSON DURING THE CAMPAIGN.
2. To establish a petty cash fund for small purchases and for reimbursements to staff:

Designate a staff member to be the cashier of the fund.

Have the cashier obtain a locking cash box to safeguard the cash.

Write a check payable to the individual identified as CASHIER, to begin the fund.

The purpose should be "to establish petty cash."

The check should be for no more than \$200.00.

3. The CASHIER should then:

Pay only on receipt of a PETTY CASH REQUEST VOUCHER attached to an invoice, receipt, or cash register receipt.

Number each petty cash voucher sequentially.

Record all cash payments on the PETTY CASH LOG by sequential number (see "SAMPLE FORMS" page 18).

Insure that cash in the box plus the total of all receipts is equal to the original petty cash check amount.

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ACTIONS REQUIRED OF STATE TREASURERS (CONT'D)

F. MAINTAINING A PETTY CASH FUND (CONT'D)

4. To REPLENISH the fund

The CASHIER should:

Attach all receipts to the PETTY CASH LOG.

Prepare a CHECK REQUEST VOUCHER for the amount of the receipts.

The TREASURER should:

Write a check payable to the cashier for the amount of the receipts.

The purpose should be "to replenish petty cash."

File the CHECK REQUEST VOUCHER with log and receipts attached, along with the other documentation (see EXPENDITURE DOCUMENTATION" Page 6).

5. NEVER WRITE A REPLENISHMENT CHECK FOR THE ORIGINAL FUND AMOUNT. THE CASHIER SHOULD REQUEST A REPLENISHMENT CHECK WHEN THE CASH BALANCE IS WITHIN A DAY OF BEING DEPLETED.

6. AT THE END OF THE CAMPAIGN:

Purchase a money order or cashier's check with any cash remaining in the petty cash fund.

Note on the bottom of the PETTY CASH LOG that the balance of the fund was converted to a money or a cashier's check.

Include the number of the money or cashier's check.

Transmit the PETTY CASH LOG and receipts along with the other documentation, to the National Office.

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ACTIONS REQUIRED OF STATE TREASURERS (CONT'D)

G. TRANSMITTING FINANCIAL DOCUMENTS TO THE NATIONAL OFFICE

1. Expenditure documents should be express mailed to the National Office every THURSDAY so that they will be received on Friday.

2. TO TRANSMIT THE DOCUMENTS:

Insure that the CHECK REGISTER includes checks written on Thursday.

Insure that CHECK REQUEST VOUCHERS are prepared for all checks on the CHECK REGISTER, including petty cash replenishment checks.

Place the CHECK REGISTER, CHECK REQUEST VOUCHERS (with original invoices attached), and any VOIDED CHECKS, VENDOR REFUND CHECKS, and CONTRIBUTION CHECKS in a large envelope.

Prepare a memorandum identifying the documents being transmitted.

Address the envelope as follows:

Ms. Linda Moody
Controller
Rev. Jesse Jackson for President, Inc.
2100 M Street, N.W. Suite 316
Washington, D.C. 20037
(202) 293-1289

870406112

III. BACKGROUND INFORMATION ABOUT THE
FEDERAL ELECTION LAWS

A. REGULATORY ENVIRONMENT

--THE FINANCIAL ACTIVITY OF JACKSON FOR PRESIDENT IS REGULATED BY THE FEDERAL ELECTION COMMISSION (FEC).

--THE FEC AUDITS ALL FINANCIAL RECORDS DURING THE COURSE OF THE CAMPAIGN TO ASSURE COMPLIANCE WITH FEDERAL LAWS AND REGULATIONS.

--FEDERAL LAWS AND REGULATIONS:

PLACE THE RESPONSIBILITY FOR FINANCIAL COMPLIANCE WITH THE CANDIDATE AND THE CAMPAIGN TREASURER

SPECIFY CIVIL PENALTIES FOR RECORDKEEPING VIOLATIONS

PROVIDE FOR REPAYMENT TO THE U. S. TREASURY FOR TRANSACTIONS DEEMED TO BE NONQUALIFIED CAMPAIGN EXPENDITURES

PLACE THE BURDEN OF PROVING THAT A TRANSACTION IS NOT A NONQUALIFIED CAMPAIGN EXPENDITURE WITH THE CAMPAIGN TREASURER

CONSIDER ALL UNDOCUMENTED DISBURSEMENTS TO BE NONQUALIFIED CAMPAIGN EXPENDITURES

SPECIFY EXPENDITURE--DISCLOSURE REQUIREMENTS

PROHIBIT CASH DISBURSEMENTS IN EXCESS OF \$25.00

LIMIT THE DEPOSITING OF CAMPAIGN CONTRIBUTIONS TO THE NATIONAL ACCOUNT BY SPECIFYING RIGOROUS AUDIT REQUIREMENTS FOR MATCHING-FUND DOCUMENTATION AND BY SPECIFYING SEVERE PENALTIES FOR CONTRIBUTION RECORDKEEPING VIOLATIONS

SPECIFY THAT ALL BANK ACCOUNTS OF THE CAMPAIGN BE IDENTIFIED IN WRITING TO THE FEC

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B. DOCUMENTATION REQUIREMENTS

- ALL DISBURSEMENTS MUST BE SUPPORTED BY AN INVOICE.
- IN THE EVENT THAT AN INVOICE IS MISPLACED OR OTHERWISE NOT AVAILABLE, THE DISBURSEMENT MUST BE SUPPORTED BY A MEMORANDUM FROM THE STATE TREASURER THAT EXPLAINS WHY THE DISBURSEMENT IS A QUALIFIED CAMPAIGN EXPENDITURE.
- ALL DISBURSEMENTS, EXCEPT FROM THE PETTY CASH FUND, MUST BE MADE BY CHECK.
- THE PURPOSE OF THE DISBURSEMENT MUST BE WRITTEN ON THE MEMO LINE OF THE CHECK.
- THE STATED PURPOSE MUST BEAR A REASONABLE RELATIONSHIP TO THE PAYEE. FOR EXAMPLE, "OFFICE UTILITIES" WOULD NOT BE A REASONABLE DESCRIPTION OF PURPOSE IF THE PAYEE IS AN INDIVIDUAL. SUPPORTING DOCUMENTATION WOULD EXPLAIN, IN THIS CASE, THAT THE INDIVIDUAL IS THE LANDLORD.
- THE CHECK MUST BE MADE PAYABLE TO THE VENDOR PROVIDING THE GOODS OR SERVICES, EXCEPT FOR REIMBURSEMENTS TO CAMPAIGN WORKERS FOR LOCAL TRAVEL AND SMALL OFFICE EXPENSES.

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C. DISCLOSURE REQUIREMENTS

**--THE NATIONAL TREASURER MUST, ON A MONTHLY BASIS, REPORT
DETAILS OF CONTRIBUTION AND EXPENDITURE TRANSACTIONS TO
THE FEC.**

--THE EXPENDITURE REPORT MUST INCLUDE:

**NAME AND ADDRESS OF EACH PERSON RECEIVING PAYMENT
DATE OF THE PAYMENT
THE PURPOSE OF THE PAYMENT
AMOUNT OF THE PAYMENT**

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D. ILLEGAL EXPENDITURES

--IT IS ILLEGAL TO MAKE CASH (CURRENCY) PAYMENTS IN EXCESS OF \$25 TO ANY ONE PERSON DURING THE CAMPAIGN.

--CHECKS MADE PAYABLE TO CASH ARE REGARDED AS ILLEGAL EXPENDITURES SINCE THE ULTIMATE PAYEE IS UNKNOWN (SEE "PETTY CASH", page 11).

--CHECKS MADE PAYABLE TO THE PERSON SIGNING THE CHECK ARE PRESUMED TO BE ILLEGAL EXPENDITURES, UNLESS THEY ARE FOR PROPERLY DOCUMENTED EXPENSE REIMBURSEMENTS (SEE "DOCUMENTATION REQUIREMENTS").

--IT IS ILLEGAL TO PAY TRAFFIC FINES WITH CAMPAIGN FUNDS.

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IV. CONTACTS IN THE NATIONAL OFFICE FOR ASSISTANCE

Emma C. Chappell

Treasurer

Linda Moody

Controller

Steve Lassiter

Accountant

Carolyn Webster

Contributions Processing

ALL INDIVIDUALS MAY BE REACHED AT THE FOLLOWING ADDRESS:

Rev. Jesse L. Jackson for President, Inc.
2100 M Street Suite 316
Washington, D.C. 20037
(202) 293-1289

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V. SAMPLES OF FORMS

Jesse Jackson for President Committee

CHECK REQUEST VOUCHER
(State) _____

_____ Date

Payable to: _____

Amount: _____

Project and Purpose:

Mail ☐

Hold for hand delivery ☐

In requesting these funds, I guarantee the expense is a qualified campaign expense and promise to return vendor documentation upon completion of the transaction unless it is absolutely unavailable.

Requestor

Approval:

Arnold Pinkney

State Chair of Designee

Accounting use:

Approved by Treasurer, _____

Codes

Check Number: _____

Date Paid: _____

13

6 1 0: 1

0-2-6-0-1

13

MONTH

YEAR

[illegible]

JESSE JACKSON FOR PRESIDENT COMMITTEE

Petty Cash Request Voucher
(Up to \$25)

Date: _____

Amount: _____

Project and Purpose:

...

In requesting these funds, I guarantee the expense is a qualified campaign expense and promise to return vendor documentation upon completion of the transaction unless absolutely unavailable.

Requestor

Department Head

JESSE JACKSON FOR PRESIDENT COMMITTEE

VI. CLOSING THE OFFICE

1. All phones will be turned off two (2) days after your state primary or caucus.
2. Return phones to phone company.
3. Return all equipment to appropriate lessors/vendor/place/owner (i.e. typewriters, copying machines, furniture, etc.)
4. Convert all cash on hand to a money order or cashier's check, return to National Office.
5. Any outstanding bills should be forwarded to the National Office.
6. Return office keys to lessor.
7. Close out all financial files by returning:
 - A. Check book
 - B. Vouchers with receipts attached
 - C. Any bank statements which you may have received
 - D. Any refunds of deposits
8. Officially dismiss your staff and volunteers.
9. Send out thank you letters to all volunteers and staff.
10. Return all campaign literature and materials to the National Office to be used in other states



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 6, 1986

TO: CHARLES N. STEELE
GENERAL COUNSEL

THROUGH: JOHN C. SURINA
STAFF DIRECTOR

FROM: ROBERT J. COSTA
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: MUR #2061, re:
JESSE JACKSON FOR PRESIDENT COMMITTEE,
NEW YORKERS FOR JESSE JACKSON,
JACKSON FOR PRESIDENT COMMITTEE-CALIFORNIA
MATTERS REFERRED TO OGC - JULY 15, 1985

On July 15, 1985, in accordance with the Commission's approval of the final audit report on the above named committees, the Audit staff forwarded several matters to your office. One of these, appended at Exhibit 9 of our 7/15/85 memorandum, addressed the failure on the part of Jackson For President Committee - California to provide approximately \$60,000 in contribution documentation (unavailable during audit fieldwork) in response to the recommendation contained in the Commission approved interim audit report. However, in the response, the Treasurer of the candidate's principal campaign committee indicated that microfilm copies of contributor checks had been requested from the depository and receipt was expected within a short time.

According to the Committees' accounting firm, the relevant contribution records were received in late July, 1985. Given the Title 26 and 2 U.S.C. § 438(b) audit workload at that time, coupled with the fact that such information could be submitted in response to a RTB finding, the Audit staff did not attempt to schedule fieldwork (in Philadelphia) to review the material.

After conferring with your office, arrangements were made in January, 1986 to examine the records. Our examination revealed that the records made available were complete and met the recordkeeping requirements of 2 U.S.C. § 432(c).

Should you have any questions, please contact Tom Nurthen at 376-5320.

cc: Charles Synder, OGC

14

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96 FEB 18 12:19

Coaxum & Hewitt

*Attorneys and Counselors at Law
Since 1888 The Illuminating Bureau*

*55 Public Square
Cleveland, Ohio 44113
(216) 241-7436*

February 13, 1986

Mr. John Warren McGarry, Chairman
Federal Election Commission
999 E Street, N.W.
Washington, DC 20463

VIA FEDERAL EXPRESS

Re: MUR2061, Jesse Jackson for President Committee
and Emma Chappell, Treasurer

Dear Chairman McGarry:

On behalf of my client, Jesse Jackson for President Committee, and its Treasurer, Emma Chappell, and pursuant to applicable regulations, we hereby formally request that the Federal Election Commission permit the Committee and its Treasurer to enter into Pre-Probable Cause Conciliation with the Commission, with respect to the above-captioned matter.

As the Commission is aware, on January 28, 1986, the Committee and its Treasurer provided to the Commission its formal response to MUR2061. This formal request for Pre-Probable Cause Conciliation is made to protect the procedural interests of the Committee and its Treasurer. My clients respectfully acknowledge that the Commission may find, pursuant to the previously-provided response that no action should be taken against the Committee and its Treasurer inasmuch as there has been no wilfull violation of applicable law and/or regulation. Nevertheless, this request is being provided to protect the interests of my client while the Commission reviews the formal response to MUR2061.

Thank you for your cooperation.

Very truly yours,

Edward C. Coaxum Jr.

Edward C. Coaxum, Jr.
Counsel to Jesse Jackson for
President Committee

ECC/gjs

cc: Charles N. Steele, General Counsel
Charles Snyder, Esquire
Rev. Jesse L. Jackson

Arnold R. Pinkney
Emma Chappell
Howard Renzi, CPA

15

RECEIVED
OFFICE OF THE
GENERAL COUNSEL

96 FEB 19 9:48

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BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of

Jesse Jackson for President Committee
and Emma Chappell, as treasurer

New Yorkers for Jesse Jackson and
George Glee, Jr., as treasurer

Jackson for President Committee, Inc. -
California, and Julius Glazer, as treasurer

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On December 10, 1985, the Commission found reason to believe that the Jesse Jackson for President Committee ("JJPC") and Emma Chappell, as treasurer, violated 2 U.S.C. §§ 434(b)(2), 434(b)(4), 434(b)(2)(K), 434(b)(3)(F), 434(b)(3)(E), 434(b)(8), 434(b)(5)(A), 434(b)(3)(B), 441a(a)(1)(A), 441b(a), 434(b)(3)(A), and 434(c)(1), and 11 C.F.R. § 104.3(d). The Commission further found that New Yorkers for Jesse Jackson ("NYJJ") violated 2 U.S.C. § 434(b)(3)(A), and that The Jackson for President Committee - California ("JPC-CA") violated 2 U.S.C. §§ 434(b)(3)(A), and 432(c)(1). JJPC and JPC-CA have now requested pre-probable cause conciliation. (See Attachments 1-2).

II. LEGAL ANALYSIS

(See General Counsel's Report of November 27, 1985).

According to the Audit division, the JJPC and JPC-CA batch records are available for review (See Attachment 3). Hence, it is recommended that the Commission take no further action with respect to the alleged violations by those respondents of

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2 U.S.C. § 432(c)(1). Otherwise, this Office recommends that the Commission enter into pre-probable cause conciliation respecting the remaining issues. It should be noted that JJPC's response seeks mitigation and not exoneration as to these issues. (See Attachment 4).

III. DISCUSSION OF CONCILIATION PROVISIONS AND CIVIL PENALTY

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IV. RECOMMENDATIONS

1. Take no further action against the Jesse Jackson for President Committee and Emma Chappell, as treasurer, and the Jackson for President Committee, Inc. - California and Julius Glazer, as treasurer, with respect to the alleged violations of 2 U.S.C. § 432(c)(1).
2. Enter into conciliation with the Jesse Jackson for President Committee and Emma Chappell, as treasurer, and the Jackson for President Committee, Inc. - California and Julius Glazer, as treasurer, prior to a finding of probable cause to believe.
3. Approve the attached proposed conciliation agreements.

4. Approve and send the attached letters.

Charles N. Steele
General Counsel

March 14, 1986
Date

BY:

Kenneth A. Gross
Associate General Counsel

Attachments:

1. Letter from Edward C. Coaxum
2. Letter from Julius Glazer
3. Memorandum from Audit Division
4. Letter from Emma C. Chappell
5. Proposed conciliation agreements (2)
6. Proposed letters to respondents

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Attachments to 3-4-86
G.C. Ppt

have been removed from this position in the Public Record File either because they duplicate documents located elsewhere in this file, or because they reflect exempt information.

For Attachment <u>1</u>	see <u>15</u>
<u>2</u>	<u>12</u>
<u>3</u>	<u>14</u>
<u>4</u>	<u>13</u>
<u>5,6</u>	<u>19,20</u>



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE, GENERAL COUNSEL
FROM: MARJORIE W. EMMONS/ CHERYL A. FLEMING *CAF*
DATE: MARCH 19, 1986
SUBJECT: OBJECTION TO MUR 2061 - GENERAL COUNSEL'S REPORT
SIGNED MARCH 14, 1986

The above-named document was circulated to the
Commission on Monday, March 17, 1986 at 4:00 P.M.

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

Commissioner Aikens	_____
Commissioner Elliott	_____
Commissioner Harris	_____
Commissioner Josefiak	_____
Commissioner McDonald	<u> x </u>
Commissioner McGarry	_____

This matter will be placed on the Executive Session
agenda for Tuesday, April 1, 1986.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Jesse Jackson for President Committee,) MUR 2061
et al.)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of April 1, 1986, do hereby certify that the Commission decided by a vote of 5-1 to take the following actions in MUR 2061:

1. Take no further action against the Jesse Jackson for President Committee and Emma Chappell, as treasurer, and the Jackson for President Committee, Inc. - California and Julius Glazer, as treasurer, with respect to the alleged violations of 2 U.S.C. § 432(c)(1).
2. Enter into conciliation with the Jesse Jackson for President Committee and Emma Chappell, as treasurer, and the Jackson for President Committee, Inc. - California and Julius Glazer, as treasurer, prior to a finding of probable cause to believe.
3. Approve the proposed conciliation agreements attached to the General Counsel's report dated March 14, 1986.

(continued)

Federal Election Commission
Certification for MUR 2061
April 1, 1986

Page 2

4. Approve and send the letters attached to the
General Counsel's report dated March 14, 1986.

Commissioners Aikens, Elliott, Harris, Josefiak, and
McGarry voted affirmatively for the decision; Commissioner
McDonald dissented.

Attest:

4-2-86

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

April 7, 1986

Julius Glazer, Treasurer
Jackson for President Committee-California
Suite 1505
250 Wilshire Boulevard
Los Angeles, California 90010

RE: MUR 2061
Jesse Jackson for
President Committee -
California and Julius
Glazer, as treasurer

Dear Mr. Glazer:

On December 10, 1985, the Commission found reason to believe that the Jesse Jackson for President Committee -California, and you, as treasurer, violated 2 U.S.C. §§ 434(b)(3)(A) and 432(c)(1). At your request, the Commission determined on April 1, 1986, to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved 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. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Charles Snyder, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross

Associate General Counsel

Kenneth A. Gross (KAG)

Enclosures

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

April 7, 1986

Edward C. Coaxum, Jr., Esquire
Coaxum & Hewitt
Suite 1600
The Illuminating Building
55 Public Square
Cleveland, Ohio 44113

RE: MUR 2061
The Jesse Jackson for
President Committee and
Emma Chappell as
treasurer

Dear Mr. Coaxum:

On December 10, 1985, the Commission found reason to believe that the Jesse Jackson for President Committee and Emma Chappell, as treasurer, violated 2 U.S.C. §§ 434(b)(2), 434(b)(4), 434(b)(2)(K), 434(b)(3)(F), 434(b)(3)(E), 434(b)(8), 434(b)(5)(A), 434(b)(3)(B), 441a(a)(1)(A), 441(b)(a), 434(b)(3)(A), and 434(c)(1); and 11 C.F.R. § 104.3(d). At your request, the Commission determined on April 1, 1986, to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If your clients agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Charles Snyder, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Charles N. Steele
General Counsel

By: *Kenneth A. Gross (RW)*
Kenneth A. Gross
Associate General Counsel

Enclosures

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 2061

DATE FILMED 10/24/87 CAMERA NO. 3

CAMERAMAN GPC

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 2061 PT II

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RECEIVED
BEFORE THE FEDERAL ELECTION COMMISSION
COMMISSION SECRETARY

SENSITIVE

In the Matter

Jesse Jackson for President Committee,
et al.

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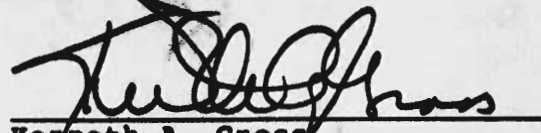
GENERAL COUNSEL'S REPORT

On April 1, 1986, the Commission authorized the commencement of conciliation with the Respondents in the above-captioned Matter prior to a finding of probable cause to believe. The Office of General Counsel has concluded that an extension of the conciliation period by an additional thirty days would facilitate the conclusion of a satisfactory settlement with the the Jesse Jackson for President Committee and its treasurer.

Charles N. Steele
General Counsel

8 / 0 4 0 5 6 1 1 3 8
May 5, 1986
Date

BY:


Kenneth A. Gross
Associate General Counsel

JULES GLAZER
BUSINESS MANAGEMENT

688 S. BERENDO ST. STE. 102
LOS ANGELES, CA 90005
(213) 384-7030

HAND DELIVERED

MAY 30 11:35

GOC 610

May 28, 1986

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
Washington, D. C. 20463

RE: MUR 2061
Jesse Jackson for President
Committee-California and
Julius Glazer, as Treasurer

16 MAY 30

8/8

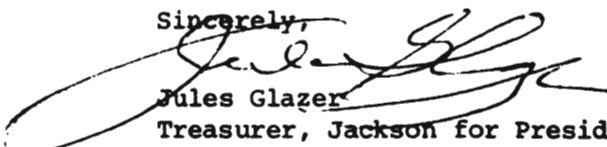
Dear Mr. Gross:

I never had the responsibility of accumulating contributions less than \$ 200. The national Jackson for President Committee had that responsibility even though they never filed the necessary information on time for filing purposes. All the records of contributions received by the California committee were sent on to Washington for their records and reporting purposes.

The violation is not mine, but belongs to the national committee alone.

Upon perusal of the amended reports sent to me by your office, I find that some of the contributors from California listed on the reports never sent their contributions to my committee, but sent them on to the national committee. These contributors were included in the California amended report only because they lived in California. I cannot determine without much time spent exactly how many of the California contributors listed on the amended reports did not belong to my committee.

Sincerely,


Julius Glazer
Treasurer, Jackson for President
Committee-California

22

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GCC 609

Edward C. Coacum, Jr.
James H. Hewitt, III

Coacum & Hewitt
Attorneys and Counsellors at Law
Suite 1800 The Illuminating Building
55 Public Square
Cleveland, Ohio 44113
(216) 241-7496

Of Counsel:
Robert H. Donahoe

May 29, 1986

FEDERAL EXPRESS

Charles Snyder, Esquire
Office of the General Counsel
Federal Election Commission
999 East Street, N.W.
Washington, D.C. 20463

Re: MUR 2061 -
(i) Jesse Jackson for President Committee and
Emma C. Chappell, as Treasurer; and
(ii) Jesse Jackson for President Committee-California and
Julius Glazer, as Treasurer

Dear Mr. Snyder:

I have received, on this date, via Federal Express, a proposed form of Conciliation Agreement between the Federal Election Commission (the "Commission") and Jesse Jackson for President Committee-California ("JPC-CA") and Julius Glazer, as Treasurer. This form of Conciliation Agreement relates to alleged reporting errors in connection with an asserted failure to itemize certain contributions over \$200. As you are aware, this matter relates to the omnibus MUR 2061. As a result, it would appear that a separate Conciliation Agreement is inappropriate.

As you know, the omnibus MUR 2061 transmitted to Jesse Jackson for President Committee, ("JJPC"), dated December 19, 1985, at paragraph 9, indicated that as of the Commission audit, \$60,000 worth of contribution batch records regarding funds received by JPC-CA on behalf of JJPC were not available for review. In its response to MUR 2061, dated January 21, 1986, JJPC affirmatively stated that it had previously indicated to the Commission that the batch records of JPC-CA had been available for audit since July, 1985. The Commission subsequently audited the batch records. It appears that the audit revealed a possible failure to itemize certain contributions received by JPC-CA on behalf of JJPC whose value exceeded \$200. Subsequently, however, JJPC, as the principal campaign committee, did, in fact, correct this reporting error through an amended filing with the Commission.

As you know, the Commission has previously provided to JJPC a form of Conciliation purporting to relate to MUR 2061. Such Conciliation Agreement, however, did not refer to any concerns relating to JJPC-CA. Inasmuch as (i) JJPC is the principal campaign committee and is primarily

Coaxum & Hewitt

Charles Snyder, Esquire
May 29, 1986
Page 2

responsible to the Commission, (ii) the omnibus MUR 2061 referred to concerns regarding JPC-CA, an authorized committee, and (iii) the form of Conciliation Agreement previously provided to JJPC relating to MUR 2061 did not refer to JPC-CA or to the other authorized committee, it would appear that a separate form of Conciliation Agreement with JPC-CA, an authorized committee, containing an additional fine, is neither warranted nor appropriate. The form of Conciliation Agreement relating to MUR 2061 should relate to all matters under review, as reflected in MUR 2061.

As a result, as General Counsel to JJPC, the principal committee responsible for the filing of all reports, we would respectfully request a 30-day extension of time from the date hereof to provide to Office of General Counsel of the Commission a revised form of omnibus Conciliation Agreement responding to all matters referred to in MUR 2061, inclusive of any reporting errors of JPC-CA, which errors were subsequently corrected by JJPC.

We would appreciate the granting of the requested extension of time as well as a written confirmation thereof. Your cooperation is appreciated.

Very truly yours,

COAXUM & HEWITT

By Edward C. Coaxum, Jr.
Edward C. Coaxum, Jr.

ECC:amc

cc: Emma C. Chappell
Rev. Jesse L. Jackson
Julius Glazer
Arnold R. Pinkney
Howard Renzi, CPA
Larry Hayes

BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of)
 Jackson for President)
 Committee, Inc. -)
 California and Julius Glazer,)
 as treasurer, et. al.)

MURC 20619 AIO: 16

GENERAL COUNSEL'S REPORT

On April 1, 1986, the Commission authorized the commencement of conciliation with the Jackson for President Committee, Inc. - California, and Julius Glazer, as treasurer, prior to a finding of probable cause to believe. Due to a change of their address, said respondents did not receive notification of the Commission's proposed conciliation agreement until April 28, 1986. The office of General Counsel has concluded that an extension of the conciliation period by an additional thirty days would facilitate the conclusion of a satisfactory settlement with the Jackson for President Committee Inc.- California and its treasurer.

Charles N. Steele
 General Counsel

June 5, 1986
 Date

BY: Lawrence M. Noble
 Deputy General Counsel

87040561142



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 16, 1986

Edward C. Coaxum, Jr.
Coaxum & Hewitt
The Illuminating Building
Suite 1600
55 Public Square
Cleveland, Ohio 44113

RE: MUR 2061
Jesse Jackson for President
Committee

Dear Mr. Coaxum:

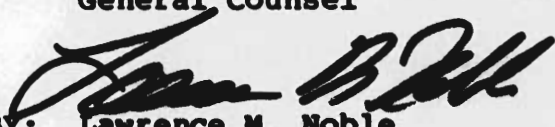
3704061143
This is in response to your letter, dated May 29, 1986 addressed to Charles Snyder of our staff, requesting an extension of 30 days in order to prepare a proposed conciliation agreement encompassing the alleged violations of the Federal Election Campaign Act ("the Act") by the Jesse Jackson for President Committee - California ("JPC-CA") and its treasurer, as well as those of your clients, the Jesse Jackson for President Committee ("JJPC") and Emma Chappell, as treasurer. Please be advised that JPC-CA, although affiliated with JJPC, is a separate political committee under the Act. In a MUR involving more than one respondent, this Office must deal with each respondent as a distinct entity.

We would remind you, further, that your firm has been designated as counsel by JJPC, but not by JPC-CA. We cannot conciliate with you concerning any possible violations of the Act by JPC-CA.

Consequently, your request for an extension of thirty days in order to prepare a response on behalf of JPC-CA must be denied. We remind you that your response on behalf of JJPC is now due.

Sincerely,

Charles N. Steele
General Counsel


BY: Lawrence M. Noble
Deputy General Counsel

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HAND DELIVERED

06 JUL 10 P 1:22

Coaxum & Hewitt
Attorneys and Counselors at Law
Suite 1600 The Illuminating Building
55 Public Square
Cleveland, Ohio 44113
(216) 241-7436

Edward C. Coaxum, Jr.
James H. Hewitt, III

Of Counsel:
Carlton H. Donahoe

July 9, 1986

VIA FEDERAL EXPRESS

Lawrence M. Noble,
Deputy General Counsel
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, DC 20463

06 JUL 10 P 3:04

Re: MUR 2061-

- (1) Jesse Jackson for President Committee and
Emma C. Chappell as Treasurer; and
- (ii) Jesse Jackson for President Committee-California and
Julius Glazer, as Treasurer

Dear Mr. Noble:

The purpose of this correspondence is to reiterate the request contained in our May 29, 1986 correspondence to the Federal Election Commission requesting an extension of time in connection with the submission of a revised form of Conciliation Agreement regarding the above-captioned matter.

As stated in the May 29, 1986 correspondence, the issues involving Jesse Jackson for President Committee-California ("JPC-CA") are referred to in the original MUR 2061 relating to the Jesse Jackson for President Committee ("JPC"). Under separate cover, you will receive a designation of counsel designating this firm as legal counsel by JPC-CA. As indicated in your correspondence to the undersigned, the Federal Election Commission, upon receipt of that designation, would permit this law firm to conciliate with the Federal Election Commission regarding any possible violations of the Federal Election Campaign Act by JPC-CA.

Lawrence M. Noble

Lawrence M. Noble
July 9, 1986
Page 2

Therefore, we would respectfully request your indulgence and would respectfully request a 30-day extension in order to prepare a response on behalf of JPC, as well as JPC-CA as the case may be, as to the suggested forms of Conciliation Agreement.

Thank you for your cooperation in this matter.

Very truly yours,

Edward C. Coaxum Jr.

Edward C. Coaxum, Jr.

ECC:amc

cc: Emma C. Chappell
Reverend Jesse L. Jackson
Julius Glazer
Arnold R. Pinkney
Howard Renzi, CPA
Larry Hayes

87040561145

JULES GLAZER
BUSINESS MANAGEMENT

698 S. BERENDO ST. STE. 102
LOS ANGELES, CA 90005
(213) 384-7030

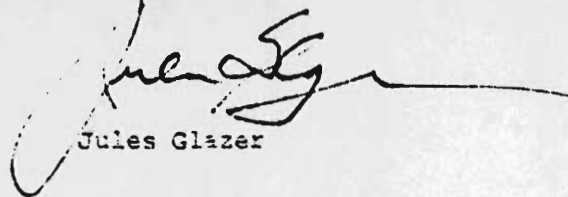
July 17, 1986

Edward Coaxum, Esquire
55 Public Square, #1600
Cleveland, Ohio 44113

Dear Mr. Coaxum:

I hereby authorize you to represent the Jackson for
President Committee-California and myself as treasurer,
in the current matter before the Federal Election
Commission.

Sincerely,



Jules Glazer

JG:k3

97040361146

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GCC 1034

86 JUL 25 AM 11:14

MJR 2061

Of Counsel
Edward C. Coaxum, Jr.

Coaxum & Hewitt
Attorneys and Counsellors at Law
Suite 1000 The Illuminating Building
55 Public Square
Cleveland, Ohio 44113
(216) 244-7496

Edward C. Coaxum, Jr.
James H. Hewitt, III

July 18, 1986

VIA FEDERAL EXPRESS

Julius Glazer, Treasurer
Jesse Jackson for President Committee - California
Suite 1505
250 Wilshire Blvd.
Los Angeles, California 90010

RE: MJR 2061 - Designation of Legal Counsel

Dear Mr. Glazer:

As you are aware, the undersigned serves as legal counsel to the National Jesse Jackson for President Committee and its Treasurer, Emma C. Chappell.

National Treasurer Chappell has requested that I write to you and request that you complete and execute the enclosed Form of Designation of Legal Counsel.

In an effort to reach a fair settlement with the Federal Elections Commission ("FEC") regarding a few remaining issues, it is preferable that the National Committee and all affiliated committees be represented by the same legal counsel in order to pursue the possibility of a single Conciliation Agreement. Or in the alternative, to reduce the possibility of unreasonable exposure.

In that light, National Treasurer Chappell has requested that I ask you to complete the original of the enclosed Statement of Designation of Counsel and send same to Lawrence M. Noble, Deputy General Counsel, Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, DC 20463. Further, we would request, that you send a photocopy of the enclosed, as completed and as executed to the undersigned as well as to Ms. Chappell.

Thank you for your continued cooperation.

Very truly yours,

COAXUM & HEWITT

Edward C. Coaxum, Jr.
Edward C. Coaxum, Jr.

18:30 52707 94

1986 JUL 25

ECC:amc

28

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2061

NAME OF COUNSEL: Coaxum & Hewitt
ADDRESS: Edward C. Coaxum, Jr.
James H. Hewitt, III
Suite 1600 Illuminating Building
Cleveland, Ohio 44113
TELEPHONE: (216) 241-1835

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

July 21, 1986
Date

Julius Glazer
Signature
Julius Glazer, Treasurer

RESPONDENT'S NAME: Jesse Jackson for President Committee-California
ADDRESS: 250 Wilshire Blvd., Suite 1505
Los Angeles, California 90010

HOME PHONE:
BUSINESS PHONE:

8704061148

COC# 1026
36 JUL 24 A11:32Edward C. Coaxum, Jr.
James H. Hewitt, IIICoaxum & Hewitt
Attorneys and Counsellors at Law
Suite 1600 The Illuminating Building
55 Public Square
Cleveland, Ohio 44113
(216) 241-7496
July 21, 1986Of Counsel:
Carter H. Donahoe

16 JUL 24 P 4:01

RECEIVED
GENERAL COUNSELLawrence M. Noble,
Deputy General Counsel
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, DC 20463Re: MUR 2061 - (i) Jesse Jackson for President Committee and
Emma C. Chappell as Treasurer; and
(ii) Jesse Jackson for President Committee -
California and Julius Glazer, as Treasurer

Dear Mr. Noble:

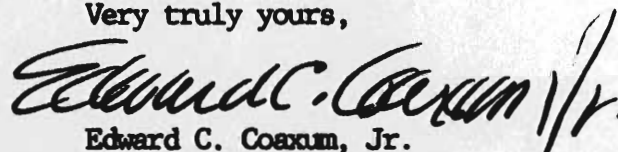
In compliance with my correspondence to you dated July 9, 1986, I have enclosed herewith the Statement of Designation of Legal Counsel provided to the undersigned by Jesse Jackson for President Committee - California and its Treasurer, Julius Glazer.

This Designation would permit this law firm to conciliate with the Federal Election Commission regarding any possible violations of the Federal Election Campaign Act by Jesse Jackson for President Committee - California.

Inasmuch as we have provided such documentation to you, we would respectfully request a 30-day extension in order to prepare a response on behalf of Jesse Jackson for President Committee, as well as Jesse Jackson for President Committee - California, as the case may be, as to a form of Conciliation Agreement.

If the enclosed statement of Designation of Counsel is not satisfactory we will endeavor to provide one to you on a form that you may designate.

Very truly yours,



Edward C. Coaxum, Jr.

ECC:amc

cc: Emma C. Chappell
Reverend Jesse L. Jackson
Julius Glazer
Arnold R. Pinkney
Howard Renzi, CPA
Larry Hayes

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86 JUL 25 A 8: 41

STATEMENT OF DESIGNATION OF COUNSELMUR 2061

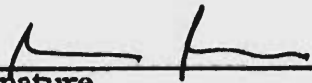
NAME OF COUNSEL: Coaxum & Hewitt

ADDRESS: Edward C. Coaxum, Jr.
James H. Hewitt, III
Suite 1600 Illuminating Building
Cleveland, Ohio 44113

TELEPHONE: (216) 241-1835

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

July 22, 1986
 Date


 Signature
 George Glee, Jr., Treasurer

RESPONDENT'S NAME: New Yorkers for Jesse Jackson

ADDRESS: c/o 246 Macon Street
Brooklyn, NY 11216

HOME PHONE: (718) 638-0340

BUSINESS PHONE: (718) 636-3090

86 JUL 25 A 10: 58

RECEIVED
 GENERAL COUNSEL



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

perm
August 6, 1986

Edward Coaxum, Esquire
Coaxum & Hewitt
Suite 1600
The Illuminating Building
55 Public Square
Cleveland, Ohio 44113

Re: MUR 2061
Jesse Jackson for President
Committee, et al.

Dear Mr. Coaxum:

87040561151
This is in reference to your letter dated July 9, 1986, requesting an extension to respond to the Commission's conciliation offer. After considering the circumstances presented in your letter, we have determined to grant you an extension until August 8, 1986. We have received a form designating you as counsel for the Jackson for President Committee-California ("JPC-C"). Jules Glazer, treasurer of that committee, has advised Charles Snyder of our staff, however, that your firm does not represent JPC-C. Please clarify this contradiction as soon as possible.

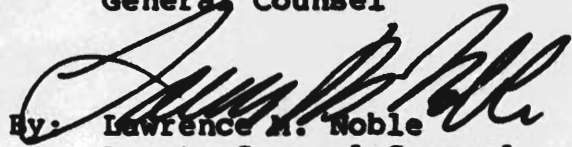
We have also received a designation of counsel form from New Yorkers for Jesse Jackson. We remind you that, if you wish to conciliate on behalf of that committee at this time, you must make a request for pre-probable cause conciliation.

This Office is desirous of resolving this entire matter in a comprehensive way. To do so, however, it is necessary to eliminate the anomalies pointed out in this letter.

If you have any questions, please contact Charles Snyder, the attorney assigned to this matter at (202) 376-8200.

Sincerely,

Charles N. Steele
General Counsel


By: Lawrence M. Noble
Deputy General Counsel

CCCH 1190
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86 AUG 12 4:54

Coaxum & Hewitt
Attorneys and Counsellors at Law
Suite 1600 The Illuminating Building
55 Public Square
Cleveland, Ohio 44113
(216) 241-7496

Edward C. Coaxum, Jr.
James H. Hewitt, III

Of Counsel:
Barbara H. Donahoe

August 11, 1986

VIA FEDERAL EXPRESS

86 AUG 12 P 4: 13

RECEIVED
OFFICE OF THE
GENERAL COUNSEL

Lawrence M. Noble, Esq.
Deputy General Counsel
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 2061 - (i) Jesse Jackson for President Committee and
Emma C. Chappell as Treasurer; and
(ii) Jesse Jackson for President Committee -
California and Julius Glazer, as Treasurer

Dear Mr. Noble:

My partner, Edward Coaxum, Jr., has asked me to reply to your letter of August 6, 1986, which was received in this office on Saturday, August 9, 1986. Your letter concerned the request of Jesse Jackson for President Committee for an extension in connection with the submission of a revised form of Conciliation Agreement regarding the captioned matter.

Your letter described certain anomalies perceived by you that currently impede resolving this matter in a comprehensive way. First, to clarify your concerns, this law firm now serves as counsel for Jackson for President Committee-California (JPC-CA). By letter dated July 21, 1986, we provided you with a statement of Designation of Legal Counsel from JPC-CA, and its Treasurer, Julius Glazer. Enclosed, once again, please find another copy of this Designation of Counsel.

Secondly, your letter suggests that inasmuch as we serve as Designation of Counsel for the Jackson for President-New York (JPC-NY) that it is necessary for us to request pre-probable cause conciliation at this time. In that light, we reiterate and confirm our desire to engage in pre-probable cause conciliation of the JPC-NY Committee at this time. Please consider this letter as our formal request reconfirming these intentions which I understand have been previously expressed to your office.

Finally, concerning the request of JJPC for an extension to address the issues of a revised form of Conciliation Agreement, as noted earlier in this letter, your correspondence of August 6, 1986, indicated

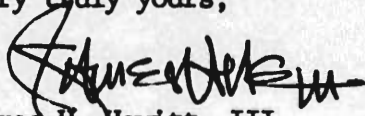
3704061152

87040561153
Lawrence M. Noble, Esq.
August 11, 1986
Page 2

for the first time, a willingness by your office to grant an extension until August 8, 1986. Again, your letter was received on Saturday, August 9, 1986. Thus, it is obvious that it is impossible for us to prepare a reply under this accelerated time table, together with the late notice of your decision to permit an extension, as the deadline had already past once we were in receipt of your letter. We, therefore, respectfully request an extension for a thirty (30) day period by which we may prepare to engage in continued conciliation with your office regarding possible violations of Federal Election law by JPC-CA, JPC-New York and the National Jesse Jackson for President Committee. It is our hope that this letter will alleviate any concerns that you may have had and we may now move towards final resolution.

My partner, Edward Coaxum, Jr., will be unavailable until August 18, 1986. Accordingly, in his absence, we request that you direct your reply to this request to my attention. Thank you.

Very truly yours,


James H. Hewitt, III

JHH:amc

cc: Edward C. Coaxum, Jr.
Emma C. Chappell
Reverend Jesse L. Jackson
Julius Glazer
Arnold R. Pinkney
Howard Renzi
Larry Hayes

87040361154

Attachment(s) Designation of Counsel
to Ltr, 11 Aug 86
have been removed from this
position in Public Record File.
See Index Item(s) 26

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED
OFFICE OF THE
COMMISSION SECRET

In the Matter of)

Jesse Jackson for President Committee)
and Emma Chappell, as treasurer;)

NUR 2061

86 SEP 17 P 4:

New Yorkers for Jesse Jackson and)
George Glee, Jr., as treasurer;)

Jackson for President, Inc, -)
California and Jules Glazer,)
as treasurer)

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On December 10, 1985, the Commission found reason to believe that the Jesse Jackson for President Committee ("JJPC") and its treasurer, violated 2 U.S.C. §§ 434(b)(2), 434(b)(4), 434(b)(2)(K), 434(b)(3)(F), 434(b)(3)(E), 434(b)(8), 434(b)(5)(A), 434(b)(3)(B), 441a(a)(1)(A), 441b(a), 432(c)(1), and 434(b)(3)(A), and 11 C.F.R. § 104.3(d); that New Yorkers for Jesse Jackson ("NYJJ") and its treasurer violated 2 U.S.C. § 434(b)(3)(A); and that the Jackson for President Committee - California ("JPC-C") and its treasurer violated 2 U.S.C. §§ 434(b)(3)(A) and 432(c)(1). On April 1, 1986, the Commission voted to take no further action respecting JPC-C's alleged violation of 2 U.S.C. § 432(c)(1) and to enter into pre-probable cause conciliation with JPC-C and JJPC. On May 5, 1986, this Office recommended to the Commission that conciliation with JJPC be continued for an additional thirty days.

The beginning of conciliation with JPC-C was delayed because it was necessary to send them a second notification, due to a change in their address. On May 28, 1986, Jules Glazer,

87040561155

treasurer of JPC-C, formally responded. (See Attachment 2). In response to the alleged failure of his committee to itemize all the contributions it had received in amounts aggregating in excess of \$200 during a calendar year, he claimed that some of the contributions in question had never been received by JPC-C, but had been made by residents of California directly to JJPC.

Because it appeared that the negotiations would come to a successful conclusion, on June 5, 1986, this Office recommended to the Commission that the conciliation period with JPC-C be extended by 30 days.

However, by letter of May 29, 1986, Mr. Coaxum informed the staff that he did not feel he should enter into an agreement on behalf of JJPC that did not take into account the alleged violation by JPC-C. He stated that the conclusion of a separate agreement with JPC-C would be "neither warranted nor appropriate." He requested a 30 day extension of time in which

to prepare a "revised form of omnibus Conciliation Agreement" on behalf of both JJPC and JPC-C. (See Attachment 3).

On June 11, a staff member received a telephone call from James Hewitt, Mr. Coaxum's law partner. Mr. Hewitt was advised that this Office could not negotiate with his firm concerning JPC-C, since that committee had not made a designation of counsel. He was urged to make an immediate response to the Commission's proposal, in view of the expiration of the conciliation period. On June 16, this Office reiterated these points in a letter to Mr. Coaxum. (Attachment 4).

On July 9, 1986, Mr. Coaxum replied to these communications by repeating his request for an extension on behalf of both JPC-C and JJPC, and by stating that JPC-C would soon designate him as counsel. (Attachment 5). The latter statement seemed to contradict what Mr. Glazer of JPC-C had frequently expressed in his conversations with a member of our staff, that he was going to handle this matter personally, without the aid of counsel.

Consequently, Mr. Glazer was contacted on July 22 to clarify the status of this matter. Mr. Glazer stated that he still wished to conciliate the matter on his own, that JJPC had asked him to retain counsel but that he had not decided to do so, and that any attorney who claimed to be representing him or JPC-C was engaging in "misrepresentation."

Two days later, however, this Office received a letter from Mr. Coaxum, dated July 21, stating that he now represented JPC-C

as well as JJPC, and again requesting an extension of time to prepare a response.. The letter enclosed a letter from Mr. Glazer to Mr. Coaxum, dated July 17, 1986, stating that Mr. Coaxum was authorized to represent JPC-C and himself (Attachment 6). On July 25, 1986, this Office received from Mr. Coaxum a copy of a letter he had sent to Mr. Glazer requesting that he sign a designation of counsel form, and a copy of a designation of counsel form signed by Mr. Glazer naming Mr. Coaxum as counsel for himself and JPC-C (Attachment 7). Mr. Glazer signed that form on July 21, 1986, one day prior to informing a member of our staff on the telephone that any attorney who claimed to be designated as his counsel was guilty of "misrepresentation."

In view of the delays engendered by the events just described, this Office wrote Mr. Coaxum to grant an extension until August 8, 1986 and asking for further clarification of the status of JPC-C. (Attachment 8). Mr. Hewitt, on behalf of Mr. Coaxum, replied on August 11, 1986, seeking a further extension of 30 days in which to reply, and enclosing another copy of the July 17th letter from Mr. Glazer to Mr. Coaxum. (Attachment 9).

Finally, it should also be noted that on July 25, 1986, we received a designation of counsel authorizing Mr. Coaxum to represent NYJJ. (Attachment 10). By letter dated August 11, Mr. Hewitt requested pre-probable cause conciliation on behalf of NYJJ. Contrary to an intimation in that letter, no previous request for conciliation had been made on behalf of NYJJ.

II. LEGAL ANALYSIS

As the foregoing statement of facts shows, JJPC has had a more than adequate opportunity to respond to the Commission's conciliation proposal. Their counsel stated unequivocally that they would make a counter-proposal by June 4. At a meeting with our staff, their counsel indicated that he did not dispute any of the allegations of fact presented by the Commission as the basis for the various findings of violations. The request for a further extension of 30 days at this late date can serve no purpose except delay, and this Office recommends that the Commission reject this request. JJPC should be advised that we will now proceed to briefs.

Since counsel for respondents has predicated his delaying tactics on the premise that the entire matter should be considered in a comprehensive manner, this Office recommends that the Commission decline to enter into pre-probable cause conciliation with NYJJ at this time. In this way, we can prepare briefs for all respondents in this matter at the same time.

87040561160

The manner in which the amount of the violation was determined testifies to the accuracy of the allegation. JPC-C sent its records to Washington for review by the Audit staff. The accuracy of these records was established by comparison with JPC-C's bank statements. Respondents' failure to itemize was determined by comparing the records sent to Washington (and entered on a computer by a firm employed by JJPC) with reports previously filed by JPC-C.

Both JPC-C and JJPC were notified of the apparent failure to itemize certain contributions. JJPC, based on the computerized records, filed amended reports on behalf of JPC-C. JPC-C now challenges the accuracy of that amended report and claims it never received certain of the contributions in question. But JPC-C does not specify which contributions it did not receive, nor does it even estimate their amount. JPC-C's general denials fail to rebut the facts painstakingly developed by audit.

This Office therefore concludes that the amount of contributions not itemized by JPC-C was in fact \$23,823.41 and

advising respondents' counsel that we will now proceed to the next step by preparing briefs.

III. RECOMMENDATIONS

1. Deny the request for an extension of 30 days made by the firm of Coaxum and Hewitt on behalf of the Jesse Jackson for President Committee and Emma Chappell, as treasurer, and Jackson for President, Inc. - California and Jules Glazer, as treasurer.
2. Decline to enter into pre-probable cause conciliation at this time with New Yorkers for Jesse Jackson and George Glee, as treasurer.
- 3.
3. Approve and send the attached letter.

Charles N. Steele
General Counsel

9/17/86
Date

BY: 
Lawrence M. Noble
Deputy General Counsel

Attachments

1. Proposed conciliation agreements
2. Lettter from Jules Glazer, May 28, 1986
3. Letter from E. Coaxum, May 29, 1986
4. Letter to E. Coaxum, June 16, 1986
5. Letter from E. Coaxum, July 9, 1986
6. Letter from E. Coaxum, July 21, 1986

7. Letter from E. Coaxum to J. Glazer, July 18, 1986
8. Letter to E. Coaxum August 6, 1986
9. Letter from J. Hewitt, August 11, 1986
10. Designation of Counsel by George Glee and New Yorkers for
Jesse Jackson
11. Proposed letter to Coaxum

8704061162

Attachments to 9-17-86
G.C.RAT

have been removed from this position in the Public Record File either because they duplicate documents located elsewhere in this file, or because they reflect exempt information.

For Attachment 1 see ZUSL6437g(4)(4)(B)(i)

<u>2</u>	<u>22</u>
<u>3</u>	<u>23</u>
<u>4</u>	<u>25</u>
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<u>8</u>	<u>30</u>
<u>9</u>	<u>31</u>
<u>10</u>	<u>29</u>
<u>11</u>	<u>34</u>

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

Jesse Jackson for President Committee)
and Emma Chappell, as treasurer)

New Yorkers for Jesse Jackson and)
George Glee, Jr., as treasurer)

Jackson for President, Inc.,)
California and Jules Glazer,)
as treasurer)

MUR 2061

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal
Election Commission, do hereby certify that on September 22,
1986, the Commission decided by a vote of 6-0 to take
the following actions in MUR 2061:

1. Deny the request for an extension of 30 days
made by the firm of Coaxum and Hewitt on
behalf of the Jesse Jackson for President
Committee and Emma Chappell, as treasurer,
and Jackson for President, Inc. - California
and Jules Glazer, as treasurer.
2. Decline to enter into pre-probable cause
conciliation at this time with New Yorkers
for Jesse Jackson and George Glee, as
treasurer.
- 3.
4. Approve and send the letter, as recommended
in the General Counsel's Report signed
September 17, 1986.

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

Attest:

9-22-86

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

September 22, 1986

Edward Coaxum, Esquire
Coaxum & Hewitt
Suite 1600
The Illuminating Building
55 Public Square
Cleveland, Ohio 44113

Re: MUR 2061
Jesse Jackson for President
Committee, et al.

Dear Mr. Coaxum:

This is in reference to your letter dated August 11, 1986, requesting an extension of 30 days to respond to the Commission's conciliation offer. After considering the circumstances presented in your letter, the Commission has determined not to grant you your requested extension. In addition, the Commission voted to decline to enter into pre-probable cause conciliation at this time with New Yorkers for Jesse Jackson and its treasurer,

Accordingly, this Office will now proceed to the next step in the enforcement process by preparing briefs recommending whether or not the Commission should find probable cause to believe your clients violated the Act.

If you have any questions, please contact Charles Snyder, the attorney assigned to this matter at (202) 376-8200.

Sincerely,

Charles N. Steele
General Counsel

By:

Lawrence M. Noble (L.M.N.)
Lawrence M. Noble
Deputy General Counsel

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

95 NOV 4 P12:46
MUR 2061

In the Matter of

Jesse Jackson for President Committee
and Emma Chappell, as treasurer;

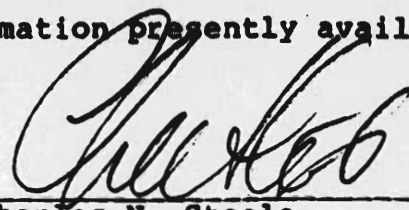
Jackson for President, Inc. - California
and Jules Glazer, as treasurer;

New Yorkers for Jesse Jackson and
George Glee, as treasurer

GENERAL COUNSEL'S REPORT

The Office of General Counsel is prepared to close the investigation in this matter as to the Jesse Jackson for President Committee and Emma Chappell, as treasurer; Jackson for President, Inc. - California and Jules Glazer, as treasurer; and New Yorkers for Jesse Jackson and George Glee, as treasurer, based on the assessment of the information presently available.

3 Nov. 1986
Date


Charles N. Steele
General Counsel

87040561166



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 14, 1987

MEMORANDUM

TO: The Commission
FROM: Charles W. Steele
General Counsel
SUBJECT: MUR # 2061

Attached for the Commission's review are briefs stating the position of the General Counsel on the legal and factual issues of the above-captioned matter. A copy of these briefs and a letter notifying the respondents of the General Counsel's intent to recommend to the Commission a finding of probable cause to believe was mailed on January 14, 1987. Following receipt of the Respondents' reply to this notice, this Office will make a further report to the Commission.

Attachments

1. Briefs (3)
2. Letter to Respondents

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FEDERAL ELECTION COMMISSION
SECRETARY

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 14, 1987

Edward Coaxum, Esquire
Coaxum & Hewitt
Suite 1600
The Illuminating Building
55 Public Square
Cleveland, Ohio 44113

RE: MUR 2061
Jesse Jackson for President
Committee and Emma Chappell,
as treasurer
Jackson for President, Inc. -
California and Jules Glazer,
as treasurer
New Yorkers for Jesse Jackson,
and George Glee, as treasurer

Dear Mr. Coaxum:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on December 10, 1985, found reason to believe that your clients had violated 2 U.S.C. §§ 434(b)(2), 434(b)(4), 434(b)(2)(K), 434(b)(3)(F), 434(b)(3)(E), 434(b)(8), 434(b)(5)(A), 434(b)(3)(B), 441a(a)(1)(A), 441b(a), and 434(b)(3)(A) and 11 C.F.R. § 104.3(d), and instituted an investigation in this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

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

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Edward Coaxum, Esquire
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. All requests for extension of time must be submitted 5 days prior to the due date and must be in writing. Further, good cause must be shown.

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 Charles Snyder, the attorney assigned to handle this matter, at (202) 376-8200.

Sincerely,



Charles N. Steele
General Counsel

Enclosure
Briefs (3)

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
New Yorkers for Jesse Jackson)
and George Glee, as treasurer) MUR 2061
)

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

This matter was generated through an audit conducted by the Federal Election Commission ("the Commission"). On December 10, 1985, the Commission found reason to believe that the New Yorkers for Jesse Jackson ("NYJJ") and George Glee, as treasurer, violated 2 U.S.C. § 434(b)(3)(A). The basis for the alleged violation of 2 U.S.C. § 434(b)(3)(A) was that respondents failed to itemize 118 contributions, each of which was in excess of \$200, and totalling \$22,131.47, on their disclosure reports.

II. Legal Analysis

The pertinent statute states that each report filed by a political committee must disclose:

- (3) the identification of each-
 - (A) person (other than a political committee) who makes a contribution to the reporting committee during the reporting period, whose contribution or contributions have an aggregate amount or value in excess of \$200 within the calendar year ... together with the date and amount of any such contribution.

2 U.S.C. § 434(b). NYJJ is a political committee authorized by Jesse Jackson in connection with the 1984 campaign for the

Presidency. Consequently, respondents had an obligation to file reports to the Commission itemizing all contributions in excess of \$200, in accordance with the above-cited statute. In addition, copies of such reports were required to be filed with the Jesse Jackson for President Committee ("JJPC"), the principal campaign committee of Jesse Jackson. 2 U.S.C. § 432(f).

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The determination by the Commission's audit staff that NYJJ had failed to itemize certain contributions was made as follows: NYJJ sent its records to Washington for review by the Audit staff. The accuracy of these records was established by comparison with NYJJ's bank statements. Respondents' failure to itemize was determined by comparing the records sent to Washington (and entered on a computer by a firm employed by JJPC) with reports previously filed by NYJJ. Both NYJJ and JJPC were notified of the apparent failure to itemize certain contributions. JJPC, based on the computerized records, filed amended reports on behalf of NYJJ, identifying the contributors and specifying the amounts of the contributions originally not itemized.

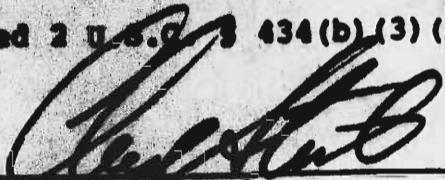
In conclusion, this Office recommends that the Commission find probable cause to believe that NYJJ violated 2 U.S.C. § 434(b)(3)(A).

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III. Recommendation

Find probable cause to believe New Yorkers for Jesse Jackson and George Glee, as treasurer, violated 2 U.S.C. § 434(b)(3)(A).

12 Jan 1987
Date



Charles N. Steele
General Counsel

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Presidency. Consequently, respondents had an obligation to file reports to the Commission itemizing all contributions in excess of \$200, in accordance with the above-cited statute. In addition, copies of such reports were required to be filed with the Jesse Jackson for President Committee ("JJPC"), the principal campaign committee of Jesse Jackson. 2 U.S.C. § 432(f).

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The determination by the Commission's audit staff that JPC-C had failed to itemize certain contributions was made as follows: JPC-C sent its records to Washington for review by the Audit staff. The accuracy of these records was established by comparison with JPC-C's bank statements. Respondents' failure to itemize was determined by comparing the records sent to Washington (and entered on a computer by a firm employed by JJPC) with reports previously filed by JPC-C. Both JPC-C and JJPC were notified of the apparent failure to itemize certain contributions. JJPC, based on the computerized records, filed amended reports on behalf of JPC-C, identifying the contributors and specifying the amounts of the contributions originally not itemized.

In conclusion, this Office recommends that the Commission find probable cause to believe that JPC-C violated 2 U.S.C. § 434(b)(3)(A).

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III. Recommendation

Find probable cause to believe the Jackson for President, Inc. - California Committee and Jules Glazer, as treasurer, violated 2 U.S.C. § 434(b)(3)(A).

12 Jan. 1987
Date


Charles N. Steele
General Counsel

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Jesse Jackson for President Committee
and Emma Chappell, as treasurer

)
)
) MUR 2061
)

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

This matter was generated through an audit, conducted by the Federal Election Commission ("the Commission"), of the Jesse Jackson for President Committee ("JJPC"). On December 10, 1985, the Commission found reason to believe that JJPC and its treasurer, violated 2 U.S.C. §§ 434(b)(2), 434(b)(4), 434(b)(2)(K), 434(b)(3)(F), 434(b)(3)(E), 434(b)(8), 434(b)(5)(A), 434(b)(3)(B), 441a(a)(1)(A), 441b(a), 432(c)(1), and 434(b)(3)(A) and 11 C.F.R. § 104.3(d). On April 1, 1986, the Commission voted to take no further action with respect to 2 U.S.C. § 432(c)(1). The bases for the other findings were as follows:

1. JJPC, in filing the reports with the Commission required by the Federal Election Campaign Act ("the Act"), understated its receipts by \$825,959.36 and its disbursements by \$1,094,534.89, in violation of 2 U.S.C. §§ 434(b)(2) and (4).

2. JJPC failed to itemize \$114,195.87 that it received in Federal matching funds pursuant to Chapters 95 and 96 of Title 26, in violation of 2 U.S.C. § 434(b)(2)(K).

3. JJPC failed to itemize all refunds, rebates, or offsets exceeding \$200, in violation of 2 U.S.C. § 434(b)(3)(F).

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4. JJPC failed to report the receipt of \$350,000 in loans, the continuing obligation on a loan of \$100,000 and a payment of \$100,000 on a loan. Respondent also failed to report \$31,713 in loans received by affiliated committees. The foregoing omissions constitute violations of 2 U.S.C. §§ 434(b)(3)(E) and 434(b)(8), and 11 C.F.R. § 104.3(d).

5. JJPC failed to itemize various expenditures and to identify the recipients of such expenditures. Disbursements totalling \$705,905.99 and interest payments of \$12,570.82 were not itemized; disbursements of \$206,212.45 were itemized, but later voided and not offset correctly on the reports. Also, four disbursements, totalling \$45,400, were itemized twice. Some 122 expenditures, totalling \$59,514.26 on the committee's draft account (an account whose purpose was to enable members of the candidate's entourage to make travel and subsistence disbursements while travelling) were not itemized. Finally, the committee did not itemize \$117,975.27 spent by its affiliated, local committees. The foregoing errors and omissions resulted in violations of 2 U.S.C. § 434(b)(5)(A).

6. JJPC failed to itemize 117 contributions, worth \$12,095.83, from political committees. This omission resulted in a violation of 2 U.S.C. § 434(b)(3)(B).

7. JJPC accepted some 29 contributions from individuals, each in excess of the \$1,000 limitation established under 2 U.S.C. § 441a(a)(1)(A), in violation of 2 U.S.C. § 441a(f). The excess portion of these contributions amounted to \$5,561.64.

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8. JJPC accepted five loans, aggregating \$5,850.00 from the Ecumenical Council for Community Concern, Inc., in violation of 2 U.S.C. § 441b(a).

9. JJPC failed to itemize 118 contributions, each of which was in excess of \$200, totalling \$22,131.47, that were received by an affiliated committee, New Yorkers for Jesse Jackson ("NYJJ"). Likewise, JJPC failed to itemize 210 contributions, each of which was in excess of \$200, totalling \$23,823.41, that were received by an affiliated committee, the Jackson for President Committee - California ("JPC-C"). Consequently, JJPC violated 2 U.S.C. § 434(b)(3)(A).

II. Legal and Factual Analysis

1. The Act requires political committees to report the total of all receipts and disbursements for both the reporting period and the calendar year. 2 U.S.C. § 434(b)(2) and (4). Due to JJPC's underreporting of both receipts and disbursements, there is probable cause to believe that that committee violated those provisions of the Act.

2. The Act requires an authorized committee of a Presidential candidate to disclose in its reports the receipt of "Federal funds received under Chapter 95 and Chapter 96 of Title 26...." 2 U.S.C. § 434(b)(2)(K). It appears that JJPC did not itemize one entire matching funds payment in July, 1984 (\$90,299.60) and a portion of another payment in May, 1984 (\$23,896.27), for a total of \$114,195.87. Although respondents filed amended reports on February 22, 1985, there remains

probable cause to believe that respondents violated 2 U.S.C. § 434(b)(2)(K).

3. Political committees reporting under the Act are required to disclose the identification of each "person who provides a rebate, refund, or other offset to operating expenditures to the reporting committee in an aggregate value or amount in excess of \$200 within the calendar year, together with the date and amount of any such receipt." 2 U.S.C. § 434(b)(3)(F). The audit initially found that JJPC had failed to itemize the receipt of 22 refunds totalling \$138,069.77. Later, the audit division concluded that seven of these refunds need not have been reported, as "they were excess funds from private contributions deposited into state accounts which were transferred to the National Committee and were previously reported as contributions when deposited into the state accounts."

There remains, nonetheless, probable cause to believe that JJPC violated 2 U.S.C. § 434(b)(3)(F) by failing to itemize the remaining 15 refunds totalling \$113,534.51.

4. The Act requires a political committee to disclose the identification of each "person who makes a loan to the reporting committee during the reporting period, together with the identification of any endorser or guarantor of such loan, and date and amount or value of such loan." 2 U.S.C. § 434(b)(3)(E). It is further provided that such committee's reports shall disclose "the amount and nature of outstanding debts and

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obligations owed by or to such political committee; and where such debts and obligations are settled for less than their reported amount or value, a statement as to the circumstances and conditions under which such debts or obligations were extinguished and the consideration therefor." 2 U.S.C. § 434(b)(8). See also 11 C.F.R. § 104.3(d). According to audit, JJPC failed to itemize a \$250,000 loan received on May 22, 1984, and neither itemized nor disclosed a \$100,000 loan received on June 26, 1984. In June, 1984, JJPC repaid the lending institution \$300,000, but, as of July 31, 1984, had itemized payments totalling only \$200,000. While respondents submitted amended reports on January 2, 1985, there remains probable cause to believe they violated the above-cited statutes. There is likewise probable cause to believe respondents violated the same statutes by failing to itemize and disclose \$31,713 worth of loans received by local affiliated committees.

5. The Act states that political committees must file reports revealing the name and address of each,

(a) person to whom an expenditure in an aggregate amount or value in excess of \$200 within the calendar year is made by the reporting committee to meet a candidate or committee operating expense, together with the date, amount, and purpose of each operating expenditure....

2 U.S.C. § 434(b)(5)(A). Audit's findings concerning JJPC's failure to itemize, or to itemize correctly, various

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disbursements show that there is probable cause to believe respondents violated 2 U.S.C. § 434(b)(5)(A).

6. Under the Act, a political committee must file reports identifying each "political committee which makes a contribution to the reporting committee during the reporting period, together with the date and amount of any such contribution." 2 U.S.C. § 434(b)(3)(B). In view of the uncontradicted evidence that JJPC failed to itemize 117 contributions from political committees worth \$12,095.83, there is probable cause to believe respondents violated 2 U.S.C. § 434(b)(3)(B).

7. The Act states that "no person shall make contributions - (A) to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed \$1,000." 2 U.S.C. § 441a(a)(1)(A). Audit found that JJPC accepted twenty-nine contributions in excess of that amount. The Act further states that: "No candidate or political committee shall knowingly accept any contribution or make any expenditure in violation of the provisions of this section." 2 U.S.C. § 441a(f). Since respondents accepted contributions in excess of the limits of 2 U.S.C. § 441a(a)(1)(A), there is probable cause to believe JJPC violated 2 U.S.C. § 441a(f).^{*}

^{*}/ While the Commission, as noted above, originally found reason to believe JJPC violated 2 U.S.C. § 441a(a)(1)(A) with respect to these excessive contributions, it appears that this respondent violated the Act by accepting said contributions, and therefore 2 U.S.C. § 441a(f) is the appropriate section to be cited.

8. It is unlawful under the Act "for any corporation whatever... to make a contribution or expenditure in connection with any [Federal] election..., or for any candidate, political committee, or other person knowingly to accept or receive any contribution prohibited by this section...." 2 U.S.C. § 441b(a). As noted above, JJPC accepted \$5,850 worth of loans from the Ecumenical Council for Community Concern, Inc. Loans are deemed contributions under the Act. See 2 U.S.C. § 431(8)(A)(i) and 441b(b)(2). There is, therefore, probable cause to believe that respondents violated 2 U.S.C. § 441b.

9. Under the Act, each political committee must disclose in its reports the identification of each "person... who makes a contribution to the reporting committee during the reporting period, whose contribution or contributions have an aggregate amount or value in excess of \$200 within the calendar year..., together with the date and amount of any such contribution." 2 U.S.C. § 434(b)(3)(A). Audit found that NYJJ and JPC-C failed to itemize contributions that they received. JJPC, as the principal authorized committee, was responsible for seeing that its affiliated committees filed properly itemized reports. Under the Act,

(1) Notwithstanding any other provision of this Act, each designation, statement, or report of receipts or disbursements made by an authorized committee of a candidate shall be filed

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with the candidate's principal campaign committee

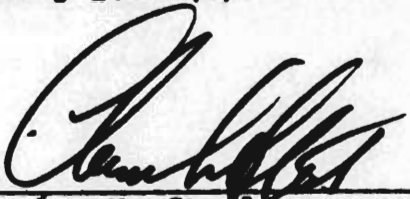
(2) Each principal campaign committee shall receive all designations, statements, and reports required to be filed with it under paragraph (1) and shall compile and file such designations, statements, and reports in accordance with this Act.

2 U.S.C. § 432(f). Since the reports filed by and on behalf of JPC-C and NYJJ did not itemize all contributions in excess of \$200, there is probable cause to believe that JJPC, as the principal campaign committee of Jesse Jackson, violated 2 U.S.C. § 434(b) (3) (A).

III. General Counsel's Recommendation

Find probable cause to believe that the Jesse Jackson for President Committee and Emma Chappell, as treasurer, violated 2 U.S.C. §§ 434(b) (2), 434(b) (4), 434(b) (2) (K), 434(b) (3) (F), 434(b) (3) (E), 434(b) (8), 434(b) (5) (A), 434(b) (3) (B), 441a(f), 441b(a), and 434(b) (3) (A) and 11 C.F.R. § 104.3(d).

12 Jan 1987
Date



Charles W. Steele
General Counsel

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Telegram

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PMS CHARLES STEELE, DLR

GENERAL COUNSEL RPT DLY MGM, DLR

FEDERAL ELECTIONS COMMISSION

999 E STREET NW

WASHINGTON DC 20463

DEAR MR STEELE:

THIS LETTER IS IN REFERENCE TO MUR 2061, THE JESSE JACKSON FOR PRESIDENT COMMITTEE. TODAY, FEBRUARY 2, 1987, MAY BE THE DEADLINE FOR FILING THE REPLY BRIEF IN THIS MATTER. THE UNDERSIGNED, AND OTHER COUNSEL IN THIS OFFICE HAVE BEEN IN FEDERAL COURT ON ANOTHER MATTER AS WELL AS A MATTER BEFORE THE MERIT SYSTEMS PROTECTION BOARD. DUE TO THE PROTRACTED NATURE OF THESE CASES WE ARE UNABLE TO FILE A REPLY TODAY. THEREFORE, WE ARE REQUESTING A 15 DAY EXTENSION, WHICH WOULD ENTITLE US TO FILE A REPLY BRIEF ON OR BEFORE FEBRUARY 17, 1987. PLEASE NOTIFY THE UNDERSIGNED OF YOUR DECISION AS SOON AS POSSIBLE.

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Telegram

SINCERELY,

COAXUM & HEWITT
EDWARD COAXUM JR
JAMES H HEWITT
SUITE 1600
55 PUBLIC SQUARE
CLEVELAND OH 44113
216-241-1836
55 PUBLIC SQ STE 1600
CLEVELAND OH 44113

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

plm
February 5, 1987

**Edward Coaxum, Jr., Esquire/
Coaxum and Hewitt
Suite 1600/55 Public Square
Cleveland, Ohio 44113**

RE: MUR 2061

Dear Mr. Coaxum:

This is in reference to your telegram dated February 2, 1987 requesting an extension of fifteen days or until February 17, 1987 to respond to the General Counsel's brief.

Considering the Commission's responsibilities under 2 U.S.C. § 437g(a)(8)(A) to act expeditiously and the circumstances of this matter, we cannot agree to your request.

If you have any questions, please contact Charles Snyder at (202) 376-8200.

Sincerely,

**Charles N. Steele
General Counsel**

Lois G. Lerner
**BY: Lois G. Lerner
Associate General Counsel**

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Edward C. Coacum, Jr.
James H. Hewitt, III

Coacum & Hewitt
Attorneys and Counselors at Law
Suite 1600 The Illuminating Building
55 Public Square
Cleveland, Ohio 44113
(216) 241-7496

Of Counsel:
Robert H. Bruckner

February 12, 1987

VIA FEDERAL EXPRESS

Secretary of the Commission
Federal Election Commission
999 "E" Street, N.W.
Washington, D. C. 20463

Re: MUR 2061 - Jesse Jackson for President Committee
and Emma Chappell, as Treasurer; Jackson for
President, Inc. - California and Jules Glazer,
as Treasurer; and New Yorkers for Jesse Jackson
and George Glee, as Treasurer

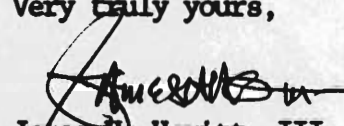
Gentlemen:

Enclosed herein please find ten (10) copies of the Brief of Counsel for Jesse Jackson for President Committee, Jackson for President, Inc.-California, New Yorkers for Jesse Jackson, and their respective Treasurers, which are being submitted to you as our support that the Commission reject the recommendation of the General Counsel and find no probable cause to believe that a violation of the Act has occurred.

A copy of this letter is also being sent to Charles Snyder, Esq., the attorney assigned to handle this matter, together with three (3) copies of this Brief.

Should any questions arise regarding the receipt of these materials, we request that you direct them to my attention. Thank you.

Very truly yours,


James H. Hewitt, III

JHH:jb
Enclosures

cc: Charles Snyder, Esq. ✓
Reverend Jesse L. Jackson
Ms. Emma Chappell
Mr. Jules Glazer
Mr. George Glee
Howard Renzi, C.P.A.

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OFFICE OF THE
GENERAL COUNSEL

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BEFORE THE
FEDERAL ELECTION COMMISSION
UNITED STATES OF AMERICA

In The Matter Of:

Jesse Jackson For President
Committee, and Emma Chappell,
as Treasurer
Jackson for President, Inc.-
California, and Jules Glazer,
as Treasurer
New Yorkers for Jesse Jackson,
and George Glee, as Treasurer

Re: MUR 2061

BRIEF OF COUNSEL FOR JESSE JACKSON FOR PRESIDENT
COMMITTEE, JACKSON FOR PRESIDENT, INC.-CALIFORNIA,
NEW YORKERS FOR JESSE JACKSON, AND THEIR
RESPECTIVE TREASURERS

Through correspondence from Charles N. Steele, General Counsel, Federal Election Commission (the "Commission"), dated January 14, 1987, Legal Counsel for (i) Jesse Jackson for President Committee ("JJPC") and Emma Chappell, as Treasurer, (ii) Jackson for President, Inc.-California ("JPC-C") and Jules Glazer, as Treasurer, and (iii) New Yorkers for Jesse Jackson ("NYJJ") and George Glee, as Treasurer, was informed that "the General Counsel is prepared to recommend that the Commission find probable cause to believe that" JJPC, JPC-C and NYJJ, and their respective Treasurers, have violated certain provisions of the Federal Election Campaign Laws and certain regulations promulgated thereunder.

The formal briefs of the General Counsel, accompanying such correspondence, reflect substantially the General Counsel's Factual and Legal Analysis previously provided on or about December 15, 1985.

The formal briefs, however, may be incomplete and inadvertently misleading in that they do not reflect pertinent analyses and information contained in a comprehensive response from JJPC to the Commission, dated January 27, 1986 (the "January 27 Response").

Based upon analyses and information previously provided by JJPC to the Commission, particularly the January 27 Response (copy attached), JJPC, JPC-C, and NYJJ respectfully request that the Commission reject the recommendations of the General Counsel. Upon review, such recommendations appear to lack substantive merit, are inconsistent with explicit

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Congressional intent, and are contrary to public interest in light of unavoidable and subsequently corrected realities attendant to the historic 1984 Campaign of Reverend Jesse Jackson.

INTRODUCTION

In November, 1983, Reverend Jesse L. Jackson formally announced his intent to seek the Presidential Nomination of the Democratic Party. At that time, scores of supporters nationwide began organizing for the candidate and taking spontaneous initiatives in his support. Generally speaking, these supporters were average American voters who had not administered activities relating to a National Campaign, but who were energized by Reverend Jackson's candidacy. Further, such supporters had not been an integral part of any prior National Campaign. Many supporters viewed themselves as part of a local groundswell movement, rather than as essential components of a National Campaign Organization.

JJPC, the principal campaign committee of Reverend Jackson, pursued an aggressive internal program to insure maximum, feasible compliance with applicable law as well as the Commission's regulations. JJPC's efforts to comply strictly with the law have already been documented on the record for the Commission. See January 27 Response. These substantive efforts include, among other activities:

- JJPC established its operational structure by designating a well-respected banker as Treasurer, hiring an experienced FEC consultant, and selecting a well-qualified firm of independent certified public accountants, who, together with legal counsel, established a system of internal operations and fiscal controls to be implemented by the Office of the National Comptroller on a daily basis.
- The FEC consultant and the independent accountants developed policies and procedures to train the National staff to carry out key functions;
- The Office of the Treasurer developed a comprehensive Financial Control Manual for state organization disbursement accounts, which manual comprehensively sets forth financial responsibilities regarding state organization accounting procedures for disbursements. This comprehensive document served as an accounting procedures manual designed to provide full reporting and compliance information to local volunteers. Moreover, in order to assist and educate those local volunteers who had been identified, in addition to providing the procedures manual, site support visits ensued and telephone assistance and support were provided by the National office of JJPC.

Despite these significant efforts of JJPC, all of which are documented on the record and outlined in JJPC's January 27 Response, and despite the substantial remedial actions taken by JJPC since the receipt on December

19, 1985 of the Commission's reason to believe letter, the General Counsel's Briefs urge the Commission to reach a probable cause determination with respect to eleven (11) alleged technical violations, substantially all of which have been remedied through subsequent filings with the Commission. For the following reasons and based on the record already before the Commission, JJPC, JPC-C and NYJJ, and their respective Treasurers, respectfully urge the Commission to reject the recommendation of the General Counsel in this matter.

DISCUSSION

I. The General Counsel's Recommendation For Probable Cause Findings Against JJPC, JPC-C and NYJJ Is Without Merit And Inconsistent With Explicit Congressional Intent As Contained In The "Best Efforts" Test.

In enacting the Federal Election Campaign Act Amendments of 1979, Pub. L. No. 96-187, Congress explicitly recognized the impossibility of requiring absolute compliance with the numerous reporting and recordkeeping requirements of the Federal Election Campaign Act (the "Act"). The recognition is inherent in the "best efforts" test, which is embodied in 2 U.S.C. § 432 (i). The "best efforts" test provides as follows:

When the Treasurer of a political committee shows that best efforts have been used to obtain, maintain, and submit the information required by this Act for the political committee, any report, or any record of such committee, shall be considered in compliance with this Act. . .

2 U.S.C. § 432 (i) (1976). See also, 11 C.F.R. § 104.7(a) (1981).

The House Administration Committee recognized the mitigating and salutary effect of the best efforts doctrine as applied to the recordkeeping and reporting provisions of the Act. In its report, the Committee observed, in pertinent part, as follows:

. . .The application of the best efforts test is central to the enforcement of the recordkeeping and reporting provisions of the Act. It is the opinion of the Committee that the Commission has not adequately incorporated the best efforts test into its administrative procedures. . .

House Report No. 84-422, 96th Cong. 1st sess., reprinted in [1979] U.S. Code Cong. and Ad. News, 2860, 2873.

In its January 27 Response, JJPC demonstrated beyond any reasonable doubt that it diligently utilized its best efforts to comply with the Act. Moreover, JJPC has taken all reasonable steps to rectify cited technical violations of the Act. Thus, JJPC requests the Commission to apply the best efforts doctrine as it was contemplated by Congress with the enactment of the Federal Election Campaign Act Amendments of 1979, and to dismiss this compliance action. JJPC's exercise of its best efforts is discussed in greater detail below.

II. THE COMMISSION SHOULD RECOGNIZE THE BEST EFFORTS DILIGENTLY EXERCISED BY THE TREASURER OF JJPC, WHICH HAVE BEEN LARGELY OVERLOOKED BY THE GENERAL COUNSEL AND RULE THAT THERE EXISTS NO PROBABLE CAUSE TO BELIEVE THERE HAVE BEEN VIOLATIONS OF THE ACT.

1. Understating Receipts and Disbursements (Cited as Allegation #1 in the General Counsel's JJPC Brief)

(a) State Level

The asserted understatements of receipts and disbursements principally relate to well intentioned activities of volunteers at the state level. No willful or deliberate violation of law has occurred.

As previously reported in the January 27 Response, immediately after Reverend Jackson announced his candidacy, state campaign checking accounts were established in several states prior to the final formulation of the principal campaign committee. Upon its formulation, the JJPC procedures manual, as distributed to state volunteers, contemplated that all contributions to the campaign generated at state levels and all supportive documentation would be transmitted immediately to the National Office, where such contributions would be deposited in the national account. All supportive contribution documents were to be maintained in the National Office in order to provide information for reporting purposes and to serve as a foundation for the receipt of Federal matching funds. Similarly, all disbursements relating to state generated expenses would be made from the centralized national account, upon the presentation of appropriate vouchers.

Certain dedicated state volunteers, nevertheless, deposited state generated contributions into their state checking accounts and made disbursements therefrom, all in an effort to facilitate the candidacy of Reverend Jackson without what they perceived to be the intermediate delay that may have been caused by depositing such contributions into the national account. Such procedures, while apparently not in violation of the Act, did not comply with policies set forth in the JJPC procedures manual.

Use of various state accounts delayed the receipt of state contributions and disbursements and related documentation by the National Office. Such delay, in turn, impeded the ability of JJPC to report information relating to contributions and disbursements in a timely fashion to the Commission.

Further, as the National Office became cognizant of the existence of certain state checking accounts, a determination was made to provide comprehensive disclosure to the Commission, only upon the receipt and verification of all state information. As a result amended filings were made with the Commission in November of 1984 and in January of 1985, upon the receipt and verification of all pertinent information.

(b) National Level

As previously stated, a substantial majority of the allegations asserted to be violations of the Act, notably Allegations 1, 2, 3, 4 and 5, as contained in the General Counsel JJPC brief, relate principally to incomplete information, subsequently corrected through amended filings with the Commission. While these matters may be deemed to be technical breaches, they were not deliberate or willful violations of the Act. The best efforts of the Treasurer are amply demonstrated in that all relevant information has been fully disclosed to the Commission through amended, accurate filings.

The internal accounting and bookkeeping staff of JJPC and volunteers were sincere, hard working and loyal. Certain circumstances, however, impeded the ability of the staff and volunteers to provide comprehensive, monthly financial disclosure reports.

Those problems relating to the state levels have been previously discussed herein at (a), supra. In response to the sheer volume of small to moderate campaign contributions, the staff expended considerable time processing the source documents for cash receipts and cash disbursements in order to comply with the requirements of the Act, as well as the internal cash control system.

As a result of the significant amount of time expended processing source documents, especially during the inception of the Campaign, the monthly bank statements were not fully reconciled; thus, one of the primary sources of information for Commission monthly reports could not be efficiently and effectively utilized.

This condition was further exacerbated by a series of NSF checks which complicated the reconciliation process.

In order to rectify the situation, JJPC expanded the scope of the engagement of its independent certified public accountants and authorized them to complete a total reconciliation of the monthly bank statements.

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When this time consuming process was completed, accurate accounting information was then available so that amended filings could be and were made to complete and/or update previously submitted data. Inasmuch as JJPC exercised diligence and best efforts, it satisfied the requirements of 2 U.S.C. § 432(i); thus, there can be no reasonable assertion that JJPC violated 2 U.S.C. §§ 434(b)(2) and (4).

2. Alleged Failure to Itemize Presidential Matching Fund Payments (Cited as Allegation #2 in the General Counsel's JJPC Brief)

The above allegation relates principally to incomplete information that was later corrected through amended filings with the Commission. One filing was inadvertently omitted in July, 1984, the month JJPC was involved in the 1984 Democratic National Convention. Another portion of a matching fund payment was overlooked in May, 1984.

As disclosed in the Brief of the General Counsel, these payments have since been explained to the satisfaction of the General Counsel, as amended reports were filed February 22, 1985.

The General Counsel's statements constitute an admission that JJPC did in fact exercise its best efforts to comply with this provision. The best efforts test was invited to address precisely the type of "technical" violations of the Act for which the General Counsel is now recommending a probable cause finding. JJPC urges the Commission to reject the General Counsel's recommendation to find probable cause that a violation has occurred with respect to 2 U.S.C. § 434(b)(2)(K).

3. Alleged Failure to Itemize Refunds From Political Committees (Cited as Allegation #3 in the General Counsel's JJPC Brief)

By way of background, the General Counsel in his Informal Factual and Legal Analysis of December 15, 1985, determined that "JJPC failed to itemize all refunds in excess of \$200." Next, the Audit Division determined that JJPC had only failed to itemize the receipt of 22 refunds, totalling \$138,069.77. Thereafter, the Audit Division concluded after appropriate consultation with JJPC that "seven of these refunds need not have been reported." The required disclosure of the remaining 15 refunds was accomplished by supplying amended reports to the Commission. Inasmuch as JJPC remedied a possible technical violation and used its best efforts for compliance, there would exist no violation of 2 U.S.C § 434(b)(3)(F).

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4. Failure to Report Certain Loans (Cited as Allegation #4 in the General Counsel's JJPC Brief)

For purposes of clarity, the general statements set forth above are responsive to Allegation #4, except as hereinafter provided.

Allegation #4 also indicates that JJPC failed to report \$31,713.00 in loans received by affiliated committees. As more particularly described in subparagraph (b) above, certain accounting records involving certain states were not received by the National Office until late in the campaign. Accordingly, documentation relating to \$31,713.00 in loans were not itemized on Schedule A-P nor disclosed as a debt on Schedule C-P until late in the campaign.

Again, the best efforts of the Treasurer is amply demonstrated as on November 30, 1984 and January 2, 1985, JJPC submitted amendments which corrected these omissions. In fact, the Audit Staff of the Commission, through correspondence dated May 22, 1985, acknowledged receiving amendments satisfactorily correcting these omissions. We respectfully request, therefore, that the mitigating aspect of these matters be acknowledged and a finding be issued that no further action be taken relating to any possible violation of 2 U.S.C. §§ 434(b)(3)(E) and 434(b)(8), and 11 C.F.R. § 104.3(d).

5. Alleged Failure to Itemize Various Expenditures and Identify the Recipients of such Expenditures (cited as Allegation #5 in the General Counsel's JJPC Brief)

Reference is made to correspondence dated, May 22, 1985 from the Audit Division of the Commission to JJPC. Such correspondence acknowledges that on November 30, 1984 and January 2, 1985, after diligently collecting data, JJPC submitted amendments which materially corrected the concerns as expressed in Allegation #5. We respectfully request, therefore, inasmuch as clarifying amendments have been submitted, that the mitigating aspect of this matter be acknowledged as further demonstration of the utilization of the best efforts doctrine within the meaning of 2 U.S.C. § 432(i).

6. Alleged Failure to Itemize Contributions from Political Committees (cited as Allegation #6 in the General Counsel's JJPC Brief)

JJPC utilized the professional services of an established computer service bureau for the automated processing of contributions. The computer program developed by the vendor was designed to facilitate reporting and control in compliance with the Act and related regulations. This

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program was utilized by JJPC as well as three other presidential candidates during the primary. JJPC, however, was the only client of the service bureau which accepted contributions from political committees. The software program contained a flaw which prevented the proper reporting of contributions from political committees. Accordingly, the computer program failed to highlight data relating to contributions from political committees. As a result, such contributions were not readily or timely brought to the attention of the staff of JJPC. Once apprised of the oversight, JJPC filed amended reports, as noted by the General Counsel of the Commission in appropriate mitigation.

Thus, the "best efforts rule" as contained in the Act should have its greatest force where JJPC is obliged to provide information from persons wholly outside the Treasurer's or JJPC's control. Individuals in a contractual relationship with JJPC can be considered to be within JJPC's "control" only to the extent that they adhere to and are bound by the contractual relationship. Where the ability of the vendor falls short of the desired expectations, JJPC should not be held accountable for adverse sanctions under the Act. To hold JJPC responsible for any and all errors committed in good faith would effectively abrogate the "best efforts" provision of the Act, a result Congress did not intend when it incorporated this section into the Act. Thus, there is no probable cause to believe that the Respondents have violated 2 U.S.C. § 434(b)(3)(B).

7. Regarding Excessive Individual Contributions (cited as Allegation #7 in the General Counsel's JJPC Brief)

Upon review, JJPC received contributions from in excess of ninety thousand (\$90,000) separate contributors. Only twenty-nine (29) of these individuals were determined to have contributed in excess of the statutory limit; however, immediately upon receiving notification of such excess contributions, JJPC took appropriate action to correct this matter by refunding, in nearly every case, all contributions in excess of the statutory limit. These corrective actions were acknowledged by the General Counsel in past discussions.

At most, the regulations support a duty to investigate a contribution only where there is an appearance of illegality. See, 11 C.F.R. § 103.3(b)(1) (1980). There existed no readily discernible appearance of illegality on the face of these contributions. JJPC's assumption that they were lawful was both reasonable and understandable. At a later stage, when facts proved otherwise, JJPC made prompt and necessary refunds as required by the Act. Under these circumstances, since appropriate refunds were provided, the

initial acceptance by JJPC should not be deemed to be in violation of 2 U.S.C. § 441a(f).

8. Regarding the Acceptance of Certain Loans (cited as Allegation #8 in the General Counsel's JJPC Brief)

The Commission's audit staff identified five loans from the Ecumenical Council for Community Concern, Inc. JJPC was unaware of this matter, since it did not receive comprehensive state account documentation until late in the campaign. JJPC subsequently received a letter from the President of the Ecumenical Council for Community Concern, Inc. who requested a refund. On December 31, 1984, JJPC did, in fact, issue, in full, a refund in the amount of \$5,850.00. Again, the swift display in carrying out corrective action should be considered. The exercise of best efforts and this remedial action again constitute compliance with the meaning of 2 U.S.C. § 432(i) and abrogates any suggestion of a violation of 2 U.S.C. § 441b(a).

9. Relating to Alleged Failure to Itemize Certain Contributions and Alleged Violations of Affiliated Committees (Cited as Allegation #9 in the General Counsel's JJPC Brief and as Related Allegations in the General Counsel's JPC-C and NYJJ Briefs)

It should be noted that this allegation was brought to the attention of the Audit Staff through efforts of diligence of JJPC.

As previously advised in the January 27 Response as to allegations directed to NYJJ, George Glee, Jr., Treasurer, and JPC-C, Jules Glazer, Treasurer, amended Schedules A-P were filed on behalf of NYJJ and George Glee, Jr., as Treasurer, and JPC-C, Jules Glazer, Treasurer, on June 28, 1985 and June 26, 1985, respectively, supplying requisite information. At all times the Audit Staff of the Commission had been notified of the difficulty being experienced as to receiving the contribution batch records from the affiliate JJPC Committees. Once these records were received, JJPC entered this data into its own data base. Upon entering this data, the computer identified certain excess contributions that had been overlooked through the manual reporting process carried out by the Affiliate Committees. Once these concerns were identified, amended reports and refunds were prepared to correctly reflect the activity carried out. Thus, inasmuch as this concern was identified largely through the efforts of JJPC to insure complete compliance, we consider it inappropriate for the General Counsel to now urge a finding of probable cause. This process is perhaps the best example of the significant efforts undertaken by JJPC to achieve complete compliance. Accordingly, the Commission must recognize the diligence

and willingness to comply and find no violation has occurred with respect to 2 USC § 434(b)(3)(A).

III. THE COMMISSION'S VOTE TO FIND PROBABLE CAUSE VIOLATIONS AGAINST JJPC, JPC-C AND/OR NYJJ WOULD BE CONTRARY TO THE PUBLIC INTEREST.

The Commission's General Counsel urges a probable cause finding against JJPC, JPC-C and NYJJ in an unwarranted disregard of the facts which support a reasonable conclusion that the Commission's goals for compliance and public disclosures have been met by the Respondents.

Despite the fact that the General Counsel is aware of the preventative and control measures promulgated by JJPC and despite the fact that the General Counsel has acknowledged the diligence and exercise of corrective actions by JJPC, the General Counsel persists in recommending that the Commission pursue a compliance action. Surely, the legitimate public interest can be best met if the Commission, in recognition of JJPC's "best efforts" in regard to the alleged technical violations, terminates the compliance action at this appropriate time.

JJPC further suggests to the Commission that the General Counsel's recommendation to pursue a compliance action is contrary to the larger public interest since the Commission necessarily would have to commit some of its resources to these relatively minor matters. In light of the facts presented by JJPC, and in response to the overwhelming Congressional intent to recognize "the best efforts test," JJPC respectfully requests that the Commission reject in total the General Counsel's recommendations. JJPC further urges the Commission that it is not in the public interest to force JJPC to demonstrate further, either at the Commission or in Federal court, that it has met the "best efforts" test established by Congress. The efforts of JJPC are adequately stated herein and set forth in the January 27 Response. For the reasons outlined above, JJPC respectfully requests the Commission to reject the General Counsel's recommendation as inconsistent with the public interest, inasmuch as such asserted violations are technical in nature and have been corrected through diligent supplemental and amended filings.

CONCLUSION

On behalf of our clients, we urge that the Commission reject the recommendation of the General Counsel to find probable cause to believe that (i) JJPC and its Treasurer violated 2 U.S.C. §§ 434(b)(2), 434(b)(4), 434(b)(2)(K), 434(b)(3)(F), 434(b)(3)(E), 434(b)(8), 434(b)(5)(A), 434(b)(3)(B), 441a(b), 441b(a), and 434(b)(3)(A) and 11 C.F.R. § 104.3(d), (ii) JPC-C and its Treasurer violated 2 U.S.C. § 434(b)(3)(A), and (iii) NYJJ and its Treasurer violated 2 U.S.C. § 434(b)(3)(A).

We respectfully request that the Commission recognize the mitigating factors described herein, as well as in the January 27 Response. We ask that the Commission acknowledge the absence of willful or deliberate violations of the Act. We request that the Commission acknowledge that any alleged violations should be deemed to be technical in nature. Further, we urge that the Commission assent that all technical violations have, in

fact, been corrected through amended or supplemental filings, upon the receipt of verified information. Finally, even if technical violations can be deemed to have occurred, the foregoing analysis establishes that our clients have exercised diligently their best efforts in full compliance with the requisites of 2 U.S.C. § 432(1).

Thus, the diligent and conscientious exercise of best efforts establishes full compliance with the reporting and recordkeeping provisions of the Act. If the Act has been complied with, then any finding of probable cause is not well founded.

Respectfully submitted,

Edward C. Coaxum, Jr.

Edward C. Coaxum, Jr.
James H. Hewitt, III

COAXUM & HEWITT
Suite 1600-Illuminating Bldg.
Cleveland, Ohio 44113
Telephone: (216) 241-1835

Attorneys for Jesse Jackson
For President Committee and
Emma C. Chappell, as Treasurer;
New Yorkers for Jesse Jackson
and George Glee, Jr., as
Treasurer; and Jackson for
President Committee-California
and Jules Glazer, as Treasurer

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Jesse Jackson for President Committee

2100 M Street, N.W. Suite 308

Washington, D.C. 20037

202-293-1289

January 27, 1986

HAND DELIVERED

Mr. John Warren McGarry, Chairman
Federal Election Commission
999 "E" Street, N.W.
Washington, D.C. 20463

Re: MUR 2061, Jesse Jackson
for President Committee
and Emma Chappell,
Treasurer

Dear Chairman McGarry:

The purpose of this correspondence is to provide to the Federal Election Commission (the "FEC") the formal response of the Jesse Jackson for President Committee (the "JJPC"), the principal campaign committee of Reverend Jesse L. Jackson, in connection with the General Counsel's Factual and Legal Analysis. Such Factual and Legal Analysis forms the basis for the FEC's findings which are reflected in the above-captioned MUR 2061.

The following explanatory information, under oath, should demonstrate that no action should be taken by the FEC against JJPC and/or its Treasurer, Emma Chappell.

A. General Information

It is the contention of JJPC that there were no willful or deliberate violations of the Federal Election Campaign Act (the "Act") or related regulations. In its formal Summary, the office of General Counsel refers to ten (10) separate matters asserted to be violations of the Act. The Factual and Legal Analysis of the office of General Counsel, however, acknowledges that nine of the ten asserted matters relate to late or delayed filings of reports or information with the FEC and/or matters subsequently corrected.

Such delays were not deliberate or willful; rather, they reflected the technical inexperience of local, dedicated grass-roots volunteers, many of whom had entered the realm of a national political campaign for the first time in response

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to the historic candidacy of Reverend Jesse L. Jackson.

Upon Reverend Jackson's formal announcement in November, 1983, that he would seek the presidential nomination of the Democratic party, scores of supporters nationwide began organizing for the candidate and taking spontaneous initiatives in his support. Generally, these supporters were average American voters who had not administered activities relating to a national campaign, but who were energized by Reverend Jackson's candidacy. Further, such supporters had not been an integral part of a national campaign. Many supporters viewed themselves as a part of a local groundswell movement, rather than as essential components of a national campaign organization.

JJPC, as the principal campaign committee of Reverend Jackson, was charged with the responsibility of complying with the Act. In order to do so, JJPC had to (i) locate those diverse supporters of Reverend Jackson throughout the nation, (ii) challenge their enthusiasm, and (iii) educate and assimilate those supporters into the structure of a national organization, highly regulated by the FEC.

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Thus, JJPC established its operational structure by designating a well-respected banker as treasurer, hiring an experienced FEC consultant, and selecting a well qualified firm of independent certified public accountants. Together with legal counsel, a system of internal operations and fiscal controls was established to be implemented by the Office of Comptroller on a daily basis. The FEC consultant and the independent accountants developed policies and procedures in order to train the national staff to carry out key functions. In this regard, the office of the Treasurer developed a comprehensive Financial Control Manual for state organization disbursement accounts (See Enclosure I). Such manual comprehensively sets forth financial responsibilities regarding state organization accounting procedures with respect to disbursements. This comprehensive document was an accounting procedures manual designed to provide full reporting and compliance information to local volunteers. Furthermore, in order to assist and educate those local volunteers which had been identified, in addition to providing the procedures manual, site support visits ensued, and telephone assistance and support were provided by the national office.

Notwithstanding these careful and deliberate activities of JJPC to comply with the Act in a timely fashion, delays in satisfying FEC reporting requirements were experienced. At the inception, filing delays resulted from the time consuming process of obtaining and carefully verifying financial information resulting from the initial round of enthusiastic voluntary activity. Delays in fulfilling specific filing requirements were experienced subsequently, as additional

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volunteers became involved with the campaign and had to be acclimated and educated to the document collection, retrieval and reporting requirements.

To reiterate, those matters of concern raised by the office of General Counsel related primarily to delays in filing. As indicated previously, such delays were neither willful nor deliberate. In an orderly fashion, JJPC attempted to involve as many interested and dedicated Americans as possible in the candidacy of Reverend Jackson. As previously stated, many of these supporters had not been involved in a national campaign before.

It must be noted, however, that notwithstanding the grass-roots nature of JJPC and its relative lack of experience regarding FEC compliance requirements, upon audit, there has not been disclosed any (a) recordkeeping violations, (b) no unsupported disbursements, and (c) no nonqualified expenditures.

As more specifically delineated hereafter, we would respectfully request that the FEC determine that no action be taken against JJPC and/or its National Treasurer, Emma Chappell.

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B. Mitigating Factors

1. State Level

Allegation #1: "The reports of JJPC understated that committee's receipts by \$825,959.36 and its disbursements by \$1,094,534.89, in violation of 2 U.S.C. SS 434(b)(2) and (4)."

The asserted understatements of receipts and disbursements principally related to well intentioned activities of volunteers at the state level. No willful or deliberate violation of law has occurred.

Immediately after Reverend Jackson announced his candidacy, state campaign checking accounts were established in several states prior to the final formulation of the principal campaign committee. Upon its formulation, the JJPC procedures manual, as distributed to state volunteers, contemplated that all contributions to the campaign generated at state levels and all supportive documentation would be transmitted immediately to the national office, where such contributions would be deposited in the national account. All supportive contribution documents were to be maintained in the national office in order to provide a foundation for the receipt of matching funds. Similarly, all disbursements relating to state generated expenses would be made from the centralized

national account, upon the presentation of appropriate vouchers.

Certain dedicated state volunteers, nevertheless, deposited state generated contributions into their state checking accounts and made disbursements therefrom, all in an effort to facilitate the candidacy of Reverend Jackson without what they perceived to be the intermediate delay that may have been caused by depositing such contributions into the national account. Such procedures, while apparently not in violation of the Act, did not comply with policies set forth in the JJPC procedures manual.

Use of various state accounts delayed the receipt of state contributions and disbursements by the national office. Such delay, in turn, impeded the ability of JJPC to report information relating to contributions and disbursements in a timely fashion to the FEC.

Further, inasmuch as the national office was cognizant of the existence of certain state checking accounts, a determination was made to provide comprehensive disclosure to the FEC, only upon the receipt and verification of all state information. As a result, amended filings were made with the FEC in November of 1984 and in January of 1985, upon the receipt and verification of all information.

2. National Level

As previously stated, a substantial majority of the allegations asserted to be violations of the Act, notably Allegations 1, 2, 3, 4 and 5, relate principally to incomplete information, subsequently corrected through amended filings with the FEC. While these matters may represent technical breaches, they were not deliberate or willful violations of the Act. Furthermore, all relevant information has been fully disclosed to the FEC through amended filings.

The internal accounting and bookkeeping staff of JJPC and volunteers were sincere, hardworking and loyal. Certain circumstances, however, impeded the ability of the staff and volunteers to provide comprehensive, monthly financial disclosure reports.

Those problems relating to state organizations have been previously discussed herein above at subparagraph 1. In response to the sheer volume of small to moderate campaign contributions, the staff expended considerable time processing the source documents for cash receipts and cash disbursements in order to comply with the requirements of the Act, as well as

the internal cash control system.

As a result of the significant amount of time spent processing source documents, especially during the inception of the Campaign, the monthly bank statements were not fully reconciled; thus, one of the primary sources of information for FEC monthly reports could not be utilized.

This condition was further exacerbated by a series of NSF checks which complicated the reconciliation process.

In order to rectify the situation, JJPC expanded the scope of the engagement of its independent certified public accountants and authorized them to complete a total reconciliation of the monthly bank statements. When this time consuming process was completed, accurate accounting information was then available so that amended filings could be and were made to complete and/or update previously submitted data.

C. Specific responses to certain allegations not covered by those mitigating factors set forth above

1. Allegation #4 - Failure to report certain loans

For purposes of clarity, the general statements set forth in paragraph B-2 above are responsive to allegation #4, except as hereinafter provided.

Allegation #4 also indicates that JJPC failed to report \$31,713.00 in loans received by affiliated committees. As more particularly described in subparagraph B-1 above, certain accounting records involving certain states were not received by the national office until late in the campaign. Accordingly, documentation relating to \$31,713.00 in loans were not itemized on Schedule A-P nor disclosed as a debt on Schedule C-P until late in the campaign.

On November 30, 1984 and January 2, 1985, JJPC submitted amendments which corrected these omissions. In fact, the audit staff of the FEC through correspondence dated May 22, 1985 acknowledged receiving amendments correcting these omissions. We respectfully request, therefore, that the mitigating aspect of these matters be acknowledged.

2. Allegation #5 - Alleged failure to itemize various expenditures and identify the recipients of such expenditures.

Reference is made to correspondence made May 22, 1985

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from the audit division of the FEC to JJPC. Such correspondence acknowledges that on November 30, 1984 and January 2, 1985, JJPC submitted amendments which materially corrected the concerns as expressed in allegation #5. We respectfully request, therefore, that inasmuch as such amendments have been submitted that the mitigating aspect of this matter be acknowledged.

3. Allegation #6 - Alleged failure to itemize contributions from political committees.

JJPC utilized the professional services of an established computer service bureau for the automated processing of contributions. The computer program developed by the vendor was designed to facilitate reporting and control in compliance with the Act and related regulations. This program was utilized by JJPC as well as three other presidential candidates during the primary. JJPC, however, was the only client of the service bureau which accepted contributions from political committees. The software program contained a flaw which prevented the proper reporting of contributions from political committees. Accordingly, the computer program failed to highlight data relating to contributions from political committees; as a result, such contributions were not readily brought to the attention of the staff of JJPC. Once apprised of the oversight, JJPC filed amended reports, as noted by the General Counsel of the FEC in appropriate mitigation.

4. Allegation #7 - Regarding excessive individual contributions.

Upon review, JJPC received contributions from in excess of ninety-thousand separate contributors. Only twenty-nine of these individuals were determined to have contributed in excess of the statutory limit; however, immediately upon receiving notification of such excess contributions, JJPC took appropriate action to correct this matter by refunding, in nearly every case, all contributions in excess of the statutory limit. These corrective actions were acknowledged by the General Counsel.

5. Allegation #8 - Regarding the acceptance of certain loans.

The FEC audit staff identified five loans from the Ecumenical Council for Community Concern, Inc.. JJPC was unaware of this matter, since it had not received state account documentation until late in the campaign. JJPC subsequently received a letter from

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the President of the Ecumenical Council for Community Concern, Inc. who requested a refund. On December 31, 1984, JJPC did, in fact, issue in full, a refund in the amount of \$5,850.00.

It should be noted that the Factual and Legal Analysis of the General Counsel inadvertently dated the refund as February 21, 1985. The May 22, 1985 correspondence from the audit staff to JJPC correctly acknowledges that the refund check was dated December 31, 1984.

6. Allegation #9 - Regarding allegations relating to the unavailability of certain records.

It has been alleged that \$60,000 in contribution batch records were not kept available for review in connection with the Jackson For President Committee - California.

The contribution batch records supporting funds received by JPC-CA on behalf of JJPC during the period May 1 - 16, 1984 have been available for audit since July, 1985. JJPC has previously notified the FEC of the availability of such information. The audit division has recently scheduled a review of such documentation.

7. Allegation #10 - Relating to alleged violations of affiliated committees.

In order to clarify this matter, it should be noted that amended Schedules A-P were filed on behalf of New Yorkers for Jesse Jackson and George Glee, Jr. as Treasurer and JPC-CA on June 28, 1985 and June 26, 1985, respectively, supplying the information previously omitted. We respectfully request that the mitigating aspect of these matters be acknowledged.

In conclusion, on behalf of the Jesse Jackson For President Committee and the undersigned, we hereby respectfully request that in view of the mitigating factors specifically set forth herein, as well as the specific responses to certain allegations as disclosed herein, no action be taken by the FEC against the Committee and/or Emma Chappell as Treasurer. In view of an absence of willful or deliberate violations of the Act and in response to the sincere enthusiasm of grass-roots volunteers and a largely unseasoned staff, we respectfully request that the FEC acknowledge the efforts expended by the Campaign to comply with applicable law and regulations.

JJPC initiated a carefully prepared program of compliance. Furthermore, it sought to guarantee further the process by insisting upon audit procedures to determine any act which failed to meet FEC standards or otherwise failed to comply with such standards. Upon review, JJPC exercised more than due diligence in

its mandated responsibilities.

The foregoing statements of fact, to the best of my knowledge and belief, are true in all material respects.

Very truly yours,

Jesse Jackson For President
Committee and Emma Chappell
as Treasurer

By: Emma C. Chappell
Emma Chappell, Treasurer

cc: Charles N. Steele, General Counsel
Kenneth A. Gross, Associate General Counsel
Charles Snyder, Esquire, Office of the General Counsel
Reverend Jesse L. Jackson
Arnold R. Pinkney
Edward C. Coaxum, Jr., Esquire
Howard R. Renzi, CPA

Sworn to and subscribed before me
this 21st day of Jan. 1986

Linda Lehman

LINDA LEHMAN
Notary Public, Phila., Phila. Co.
My Commission Expires March 28, 1987

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Jesse Jackson for President Committee
and Emma Chappell, as treasurer;

New Yorkers for Jesse Jackson and
George Glee, Jr., as treasurer;

Jackson for President, Inc, -
California and Jules Glazer,
as treasurer

MUR 2061

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On December 10, 1985, the Commission found reason to believe that the Jesse Jackson for President Committee ("JJPC") and its treasurer, violated 2 U.S.C. §§ 434(b)(2), 434(b)(4), 434(b)(2)(K), 434(b)(3)(F), 434(b)(3)(E), 434(b)(8), 434(b)(5)(A), 434(b)(3)(B), 441a(a)(1)(A), 441b(a), 432(c)(1), and 434(b)(3)(A), and 11 C.F.R. § 104.3(d); that New Yorkers for Jesse Jackson ("NYJJ") and its treasurer violated 2 U.S.C. § 434(b)(3)(A); and that the Jackson for President Committee - California ("JPC-C") and its treasurer violated 2 U.S.C. §§ 434(b)(3)(A) and 432(c)(1). On April 1, 1986, the Commission voted to take no further action respecting the alleged violation of 2 U.S.C. § 432(c)(1) by JJPC and JPC-C and to enter into pre-probable cause conciliation with JPC-C and JJPC. On September 22, 1986, the Commission voted to deny a request for an extension of time, made by counsel for JJPC, to respond to a proposed conciliation agreement.

EXECUTIVE SESSION

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SECRETARY

This Office then prepared briefs recommending that the Commission find probable cause to believe that respondents violated sections of the Federal Election Campaign Act ("the Act"), as set forth above (with the modification that 2 U.S.C. § 441a(f) be substituted for 2 U.S.C. § 441a(a)(1) as the section violated when JJPC accepted excessive contributions).

II. Legal Analysis

(See OGC briefs of January 14, 1987)

The allegations of violations of the Act, set forth in the OGC briefs, were based on findings made through an audit of respondent committees conducted by the Commission. Respondents belatedly submitted a reply brief on February 13, 1987.^{*/}

Respondents argued that the Commission should find no probable cause to believe the cited violations occurred on the grounds that the respondent committees used their "best efforts" to file the required reports properly, and the reporting errors cited were subsequently corrected. As to the question of "best efforts," respondents cite 2 U.S.C. § 432(i), which states:

When the treasurer of a political committee shows that best efforts have been used to obtain, maintain, and submit the information required by this Act for the political committee, any

^{*/} Respondents' briefs were due on February 2, 1987. On February 3, 1987, this Office received a request from respondents' counsel for an extension of time until February 17, 1987. This Office rejected that request as not timely.

report or any records of such committee shall be considered in compliance with this Act or chapter 95 or chapter 96 of title 26.

R 7 0 4 0 6 1 2 0 8

This rule governs when the Act obliges the treasurer to provide information which must be secured from persons wholly outside the treasurer's or the committee's control. It is clear from the legislative history that Congress, in enacting the "best efforts" provisions, focused on required contributor information which is "voluntarily supplied by persons who are not under the control of the committee." H.R. Rep. No. 422, 96th Cong., 1st Sess. 14, Legis. History of the FECA Amendments of 1979 at 198. See 11 C.F.R. §§ 102.9(d) and 104.7(b). In contrast, here the reporting violations were caused by factors within the Committee's control. The subject violations involve failures to report accurately the amounts of receipts, disbursements, and loans, and to itemize receipts of various types, as well as the acceptance of prohibited and excessive contributions. Respondents implicitly acknowledged that the various violations resulted from their own mistakes, rather than an inability to obtain information from persons outside their control, when they stated that inexperienced volunteers working in the Jackson campaign effort failed to supply JJPC's national office with contribution and disbursement information, as they should have done under JJPC's own internal procedures. (See Attachment 1, PP. 2, 4-5). Thus, the reporting violations at issue herein

resulted from the respondent committees' poor internal communications and staff errors, matters within respondents' control and for which respondents must bear responsibility.

As to the subsequent corrections of the reporting errors and the refunds of illegal contributions, these factors are considered in mitigation of the offenses only, as discussed below.

Finally, respondents argue that JJPC's acceptance of excessive contributions is excused on the grounds that "the regulations support a duty to investigate a contribution only where there is an appearance of illegality," citing 11 C.F.R. § 103.3(b)(1). (See Attachment 1, P. 8). That provision, however, only serves to permit the deposit of possibly illegal contributions, so that the treasurer may then undertake to determine their legality. If a contribution cannot be determined to be legal, it must be refunded within a reasonable time. 11 C.F.R. § 103.3(b)(2). Nothing in that regulation excuses the acceptance of excessive contributions that are not refunded in a reasonable time.

Consequently, this Office recommends that the Commission find probable cause to believe that the respondents violated the Act on all counts cited in the briefs.

III. Discussion of Conciliation Provisions and Civil Penalty

Page 5 deleted.

Sec 2 U.S.C. § 437g (a)(4)(B)(i).

87040561210

RECOMMENDATIONS

1. Find probable cause to believe that the Jesse Jackson for President Committee and Emma Chappell, as treasurer, violated 2 U.S.C. §§ 434(b)(2), 434(b)(4), 434(b)(2)(K), 434(b)(3)(F), 434(b)(3)(E), 434(b)(8), 434(b)(5)(A), 434(b)(3)(B), 441a(f), 441b(a), 434(b)(3)(A), and 11 C.F.R. § 104.3(d).
2. Find probable cause to believe the Jackson for President, Inc. - California Committee and Jules Glazer, as treasurer, violated 2 U.S.C. § 434(b)(3)(A).
3. Find probable cause to believe New Yorkers for Jesse Jackson and George Glee, as treasurer, violated 2 U.S.C. § 434(b)(3)(A).
4. Find no probable cause to believe the Jesse Jackson for President Committee and Emma Chappel, as treasurer, violated 2 U.S.C. § 441a(a)(1).
5. Approve and send the attached conciliation agreements and letter.

Date

3/27/87

Lawrence M. Noble
Acting General Counsel

Attachments

1. Respondents' brief
2. Proposed conciliation agreements
3. Proposed letter

Attachment(s) 1
to General Counsel's Report
have been removed from this
position in Public Record File.
See Index Item(s) 38

87040361212

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Jesse Jackson for President Committee
and Emma Chappell, as treasurer;

New Yorkers for Jesse Jackson and
George Glee, Jr., as treasurer;

Jackson for President, Inc. -
California and Jules Glazer, as
treasurer

MUR 2061

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the
Federal Election Commission executive session of April 7,
1987, do hereby certify that the Commission decided by a
vote of 6-0 to take the following actions in MUR 2061:

1. Find probable cause to believe that the
Jesse Jackson for President Committee
and Emma Chappell, as treasurer,
violated 2 U.S.C. §§ 434(b)(2), 434(b)(4),
434(b)(2)(K), 434(b)(3)(F), 434(b)(3)(E),
434(b)(8), 434(b)(5)(A), 434(b)(3)(B),
441a(f), 441b(a), 434(b)(3)(A), and
11 C.F.R. § 104.3(d).
2. Find probable cause to believe the
Jackson for President, Inc. - California
Committee and Jules Glazer, as treasurer,
violated 2 U.S.C. § 434(b)(3)(A).

(continued)

8704061213

Federal Election Commission
Certification for MUR 2061
April 7, 1987

Page 2

3. Find probable cause to believe New Yorkers for Jesse Jackson and George Glee, as treasurer, violated 2 U.S.C. § 434(b) (3) (A).
4. Find no probable cause to believe the Jesse Jackson for President Committee and Emma Chappel, as treasurer, violated 2 U.S.C. § 441a(a) (1).
5. Approve and send the conciliation agreements and letter attached to the General Counsel's report dated March 27, 1987, subject to amendment of the conciliation agreements as discussed during the meeting of April 7, 1987.

Commissioners Aikens, Elliott, Josefiak, McDonald, McGarry, and Thomas voted affirmatively for the decision.

Attest:

4-9-87

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 13, 1987

Edward Coaxum, Jr., Esquire
Coaxum & Hewitt
Suite 1600 The Illuminating Building
55 Public Square
Cleveland, Ohio 44113

RE: MUR 2061
Jesse Jackson for President
Committee and Emma Chappell,
as Treasurer; Jackson for
President - California and
Jules Glazer, as treasurer;
New Yorkers for Jesse Jackson
and George Glee, Jr., as
treasurer

Dear Mr. Coaxum:

On April 7, 1987, the Commission determined that there is probable cause to believe your clients, the Jesse Jackson for President Committee and Emma Chappell, as treasurer, violated 2 U.S.C. §§ 434(b)(2), 434(b)(4), 434(b)(2)(K), 434(b)(3)(F), 434(b)(3)(E), 434(b)(8), 434(b)(5)(A), 434(b)(3)(B), 441a(f), 441b(a), and 434(b)(3)(A), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"), and 11 C.F.R. § 104.3(d) of the Commission's regulations, in connection with their failure to file complete and accurate reports and their acceptance of illegal contributions. The Commission also found probable cause to believe that your clients Jackson for President, Inc. - California and Jules Glazer, as treasurer, and the New Yorkers for Jesse Jackson and George Glee, Jr., as treasurer violated 2 U.S.C. § 434(b)(3)(A) of the Act, in connection with their failure to itemize certain contributions.

Finally, the Commission found no probable cause to believe the Jesse Jackson for President Committee and Emma Chappell, as treasurer, violated 2 U.S.C. § 441a(a)(1).

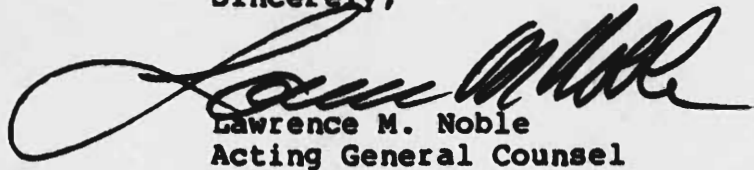
The Commission has a duty to attempt to correct such violations for a period of thirty to ninety days by informal methods of conference, conciliation and persuasion, and by entering into a conciliation agreement. If we are unable to reach an agreement during that period, the Commission may institute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

Edward Coaxum, Jr., Esquire
Page Two

We enclose conciliation agreements that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the enclosed agreements, please sign and return them along with the civil penalty to the Commission within ten days. I will then recommend that the Commission approve the agreements. Please make your check for the civil penalty payable to the Federal Election Commission.

If you have any questions or suggestions for changes in the enclosed conciliation agreement, please contact Charles Snyder, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,



Lawrence M. Noble
Acting General Counsel

Enclosures
Conciliation Agreements

R 7 0 4 0 3 6 1 2 1 6



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 20, 1987

Edward Coaxum, Jr., Esquire
Coaxum & Hewitt
Suite 1600 The Illuminating Building
55 Public Square
Cleveland, Ohio 44113

RE: MUR 2061
Jesse Jackson for
President Committee,
et al.

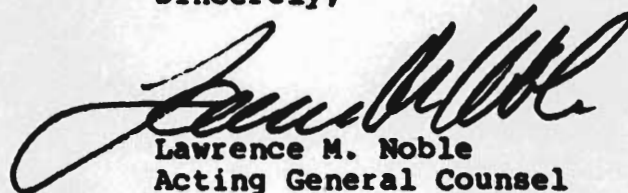
Dear Mr. Coaxum:

On April 13, 1987, you were notified that the Federal Election Commission found probable cause to believe that your client, the Jesse Jackson for President Committee and Emma Chappell, as treasurer, violated 2 U.S.C. §§ 434(b)(2), 434(b)(4), 434(b)(2)(K), 434(b)(3)(F), 434(b)(3)(E), 434(b)(8), 434(b)(5)(A), 434(b)(3)(B), 441a(f), 441b(a) and 434(b)(3)(A) and 11 C.F.R. § 104.3(d); that your client Jesse Jackson for President, Inc. - California and Jules Glazer, as treasurer, violated 2 U.S.C. § 434(b)(3)(A); and that your client the New Yorkers for Jesse Jackson and George Glee, Jr., as treasurer violated 2 U.S.C. § 434(b)(3)(A). On that same date, you were sent conciliation agreements offered by the Commission in settlement of this matter.

Please note that pursuant to 2 U.S.C. § 437g(a)(4)(A)(i), the conciliation period in this matter may not extend for more than 90 days, but may cease after 30 days. Insofar as more than 30 days have elapsed without a response from you, a recommendation concerning the filing of civil suit will be made to the Commission by the Office of General Counsel unless we receive a response from you within 10 days.

Should you have any questions, please contact Charles Snyder, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,


Lawrence M. Noble
Acting General Counsel

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87 JUL 2 411:00

Coaxum & Hewitt

*Attorneys and Counsellors at Law
Suite 1600 The Illuminating Building
55 Public Square
Cleveland, Ohio 44113
(216) 241-7496*

*Edward C. Coaxum, Jr.
James H. Hewitt, III*

*Of Counsel:
Carter H. Donahoe*

July 1, 1987

VIA FEDERAL EXPRESS

Charles Snyder, Esq.
Staff Attorney
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

RE: MUR 2061

Jesse Jackson for President Committee and Emma Chappell, as Treasurer; Jackson for President Committee, Inc., - California and Jules Glazer, as Treasurer; and New Yorkers for Jesse Jackson and George Glee, Jr., as Treasurer

Dear Mr. Snyder:

It was a pleasure to meet with you and Mr. Whitehead at the office at the Federal Election Commission on Thursday, June 25, 1987. My colleague, James H. Hewitt, and I appreciate your willingness to discuss the above matter with us.

Pursuant to our discussions, we have enclosed herewith two (2) copies of a revised form of an omnibus Conciliation Agreement relative to the above matter.

For your convenience, we have marked this form to indicate changes from the form previously submitted to you June 4, 1987, and reviewed during our meeting.

44

87040361218

Mr. Snyder, Esq.
July 1, 1987
Page No. 2

We would ask that you review the revised language, as well as the suggested format, and provide any comments you might have. Please be advised that this office will be closed on Friday, July 3, 1987, in recognition of Independence Day.

Upon receipt of your comments and the determination of a suggested aggregate civil penalty, the omnibus Conciliation Agreement will be finalized, executed, and transmitted to your office for execution and formal presentation to Commission.

Thank you for continued cooperation.

Very truly yours,

COAXUM & HEWITT

By: 
Edward C. Coaxum, Jr.

ECC:dr

cc: Rev. Jesse L. Jackson
Mr. Arnold R. Pinkney
Ms. Emma Chappell
Mr. Jules Glazer
Mr. George Glee, Jr.
Howard Renzi, CPA
Mr. Larry Hayes
James H. Hewitt, III, Esq.

bcc. MR. JOHN H. BUSTAMANTE, ESQ.
MR. MICHAEL T. BUSTAMANTE, ESQ.

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HAND DELIVERED
87 JUL 17 AM: 42

Coaxum & Hewitt
Attorneys and Counselors at Law
Suite 1600 The Illuminating Building
55 Public Square
Cleveland, Ohio 44113
(216) 244-7495

Edward C. Coaxum, Jr.
James H. Hewitt, III

Of Counsel:
Conrad H. Donahoe

July 16, 1987

VIA FEDERAL EXPRESS

Charles Snyder, Esq.
Staff Attorney
Federal Election Commission
999 E Street N.W.
Washington, DC 20463

Re: MJR 2061

Dear Mr. Snyder:

In response to the prior comments and observations provided to this office, we have finalized the form omnibus Conciliation Agreement relating to the above matter. For appropriate review, presentation, and execution, we have enclosed herewith two forms of Conciliation Agreement, as executed by Legal Counsel.

We look forward to the receipt of a copy of such Agreement executed by The Acting General Counsel or an appropriate designee of the Commission.

Thank you for your cooperation.

Very truly yours,

COAXUM & HEWITT

By *Edward C. Coaxum, Jr.*
Edward C. Coaxum, Jr.

ECC/ttb
Encl.

cc: Rev. Jesse Jackson
Mr. Arnold Pinkney
Ms. Emma Chappell
Mr. Jules Glazer
Mr. George Glee

Howard Renzi, C.P.A.
Mr. Larry Hayes
James H. Hewitt, III, Esq.

Attachment(s) Conciliation Agreement

to Lt. 16 July 87

have been removed from this
position in Public Record File.

See Index Item(s) _____

87040561221



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

July 27, 1987

MEMORANDUM

TO: LAWRENCE M. NOBLE
ACTING GENERAL COUNSEL

ATTENTION: CHARLES SNYDER

FROM: OSCELYN A. ANDERSON
COMPLIANCE CLERK
COMPLIANCE BRANCH, REPORTS ANALYSIS DIVISION

SUBJECT: MUR 2061

Please review the attached Request for Additional Information which is to be sent to the Jesse Jackson for President Committee for the July Quarterly Report. If no response or an inadequate response is received, a Second Notice will be sent.

Any comments which you may have must be forwarded to RAD in writing by 1:00 p.m. on Wednesday, July 29, 1987.

If comments are not received in writing by the above date and time, the RFAI notice will be sent.

If you have any questions, please contact Oscelyn A. Anderson at 376-2490. Thank you.

COMMENTS:

Attachment

46

87040361222



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

Emma C. Chappell, Treasurer
Jesse Jackson for President Committee
1204 Papermill Road
Wyndmoor, PA 19118

Identification Number: C00172239

Reference: July Quarterly Report (4/1/87-6/30/87)

Dear Ms. Chappell:

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-P of your report (pertinent portion attached) discloses a contribution(s) which appears to exceed the limits set forth in the Act. An individual or a political committee other than a multicandidate committee may not make a contribution to a candidate for Federal office in excess of \$1,000 per election. The term "contribution" includes any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office. (2 U.S.C. §5441a(a) and (f))

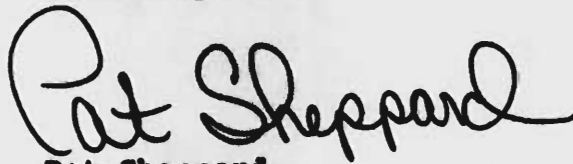
If the contribution(s) in question was incompletely or incorrectly disclosed, you should amend your original report with the clarifying information. If the contribution(s) you received exceeds the limits, you should either refund to the donor the amount in excess of \$1,000 or ask the donor to redesignate and/or reattribute the contribution in writing. The Commission should be notified if a refund is necessary. All refunds, redesignations, and reattributions must be made within sixty days of the treasurer's receipt of the contribution. Refunds are reported on Line 28 of the Detailed Summary Page and on Schedule B-P of the report covering the period in which they are made. Redesignations and reattributions are reported as memo entries on Schedule A-P of the report covering the period in which the authorization for the redesignation and/or reattribution is received. (11 CFR 110.1(b) and (e))

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Although the Commission may take further legal steps, prompt action by you to refund or seek redesignation and/or reattribution of the excessive amount will be taken into consideration.

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. Failure to provide an adequate response may result in legal action taken by the Commission. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 376-2480.

Sincerely,



Pat Sheppard
Senior Reports Analyst
Reports Analysis Division

8704061224

SCHEDULE A-P

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

ITEMIZED RECEIPTS

Loan Interest

Use separate
schedules for
each category
of the detailed
summary page

PAGE:

1

OF (total pages)

1

LINE NUMBER

21

NAME OF COMMITTEE (in Full)

Jesse Jackson for President Committee

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.

DATE
(MONTH,
DAY,
YEAR)

AMOUNT OF
EACH RECEIPT
THIS PERIOD

NAME, ADDRESS, CITY, STATE, ZIP CODE

Linda Moody
538 Oakwood Street, S.E.
Washington, DC

NAME OF EMPLOYER

OCCUPATION

AGGREGATE YEAR-TO-DATE

RECEIPT FOR

(specify other):

☒ Primary

☐ General

5/12/87

\$600.61

NAME, ADDRESS, CITY, STATE, ZIP CODE

NAME OF EMPLOYER

OCCUPATION

AGGREGATE YEAR-TO-DATE

RECEIPT FOR

(specify other):

☐ Primary

☐ General

NAME, ADDRESS, CITY, STATE, ZIP CODE

NAME OF EMPLOYER

OCCUPATION

AGGREGATE YEAR-TO-DATE

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RECEIPT FOR

(specify other):

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☐ General

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NAME OF EMPLOYER

OCCUPATION

AGGREGATE YEAR-TO-DATE

RECEIPT FOR

(specify other):

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☐ General

NAME, ADDRESS, CITY, STATE, ZIP CODE

NAME OF EMPLOYER

OCCUPATION

AGGREGATE YEAR-TO-DATE

RECEIPT FOR

(specify other):

☐ Primary

☐ General

NAME, ADDRESS, CITY, STATE, ZIP CODE

NAME OF EMPLOYER

OCCUPATION

AGGREGATE YEAR-TO-DATE

RECEIPT FOR

(specify other):

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☐ General

SUBTOTAL OF RECEIPTS THIS PAGE (optional)

\$600.61

TOTAL THIS PERIOD (last page this line number only)

\$600.61

46

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SCHEDULE A-P

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

ITEMIZED RECEIPTS Loan Repayment

Use separate schedule(s) for each category of the detailed summary page	PAGE 1	OF (total pages) 1
	LINE NUMBER 19	

NAME OF COMMITTEE (in Full) Jesse Jackson for President Committee			
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.			DATE (MONTH, DAY, YEAR)
NAME, ADDRESS, CITY, STATE, ZIP CODE Linda Moody 538 Oakwood Street, S.E. Washington, DC		NAME OF EMPLOYER	AMOUNT OF EACH RECEIPT THIS PERIOD
		OCCUPATION	4/1/87 - 6/30/87
		AGGREGATE YEAR-TO-DATE	
		RECEIPT FOR (specify other): ☒ Primary ☐ General	\$5,392.00
NAME, ADDRESS, CITY, STATE, ZIP CODE		NAME OF EMPLOYER	
		OCCUPATION	
		AGGREGATE YEAR-TO-DATE	
		RECEIPT FOR (specify other): ☐ Primary ☐ General	
NAME, ADDRESS, CITY, STATE, ZIP CODE		NAME OF EMPLOYER	
		OCCUPATION	
		AGGREGATE YEAR-TO-DATE	
		RECEIPT FOR (specify other): ☐ Primary ☐ General	
NAME, ADDRESS, CITY, STATE, ZIP CODE		NAME OF EMPLOYER	
		OCCUPATION	
		AGGREGATE YEAR-TO-DATE	
		RECEIPT FOR (specify other): ☐ Primary ☐ General	
NAME, ADDRESS, CITY, STATE, ZIP CODE		NAME OF EMPLOYER	
		OCCUPATION	
		AGGREGATE YEAR-TO-DATE	
		RECEIPT FOR (specify other): ☐ Primary ☐ General	
NAME, ADDRESS, CITY, STATE, ZIP CODE		NAME OF EMPLOYER	
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		RECEIPT FOR (specify other): ☐ Primary ☐ General	
NAME, ADDRESS, CITY, STATE, ZIP CODE		NAME OF EMPLOYER	
		OCCUPATION	
		AGGREGATE YEAR-TO-DATE	
		RECEIPT FOR (specify other): ☐ Primary ☐ General	
NAME, ADDRESS, CITY, STATE, ZIP CODE		NAME OF EMPLOYER	
		OCCUPATION	
		AGGREGATE YEAR-TO-DATE	
		RECEIPT FOR (specify other): ☐ Primary ☐ General	
SUBTOTAL OF RECEIPTS THIS PAGE (optional)			\$5,392.00
TOTAL THIS PERIOD (last page this line number only)			\$5,392.00

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Edward C. Coaxum, Jr.
James H. Hewitt, III

Coaxum & Hewitt
Attorneys and Counsellors at Law
Suite 1600 The Illuminating Building
55 Public Square
Cleveland, Ohio 44113
(216) 241-7496

Of Counsel:
Robert H. Drucker

August 13, 1987

VIA FEDERAL EXPRESS

Charles Snyder, Esq.
Staff Attorney
Federal Election Commission
999 E Street N.W.
Washington D.C. 29463

Re: MUR 2061

Dear Mr. Snyder:

This is to further the several discussions over the past couple of days, in which you provided us with comments and observations relating to the language that should be contained in the omnibus Conciliation Agreement relating to the above matter.

Enclosed herein for your appropriate review, execution, and presentation to the Commission, we have enclosed herewith two forms of Conciliation Agreement, as executed by Legal Counsel.

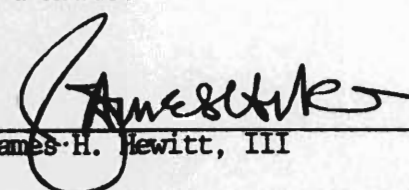
We request to receive a copy of such Agreement as executed by the Acting General Counsel or an appropriate designee of the Commission.

Thank you for your continued cooperation.

Very truly yours,

Coaxum & Hewitt

By


James H. Hewitt, III

JHH/ttb
Encl.

cc: Rev. Jesse L. Jackson
Mr. Arnold Pinkney
Ms. Emma Chappell
Mr. Jules Glazer

Mr. George Glee
Howard Renzi, CPA
Mr. Larry Hayes
Edward C. Coaxum, Jr., Esq.

87 AUG 14 PM 12: 54

BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of)

Jesse Jackson for President Committee)
and Emma Chappell, as treasurer)

MUR 2061

The Jackson for President,)
Committee Inc, - California)
and Jules Glazer, as treasurer)

New Yorkers for Jesse Jackson and)
George Glee, Jr., as treasurer)

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On April 7, 1985, the Commission found probable cause to believe that the Jesse Jackson for President Committee ("JJPC") and Emma Chappell, as treasurer, violated 2 U.S.C. §§ 434(b)(2), 434(b)(4), 434(b)(2)(K), 434(b)(3)(F), 434(b)(3)(E), 434(b)(8), 434(b)(5)(A), 434(b)(3)(B), 441a(f), 441b(a), and 434(b)(3)(A), and 11 C.F.R. § 104.3(d); that the Jackson for President Committee - California ("JPC-C") and Jules Glazer, as treasurer, violated 2 U.S.C. §§ 434(b)(3)(A); and that the New Yorkers for Jesse Jackson ("NYJJ") and George Glee, Jr., as treasurer, violated 2 U.S.C. § 434(b)(3)(A). The Commission also voted to approve the issuance of three proposed conciliation agreements, one for each respondent committee.

*Remainder of page 1, and all of
pages 2,3 & 4 deleted per 2 USC 5437g (a)(4)(B)(i).*

87040561228

8704061229

III. RECOMMENDATIONS

1. Accept the attached conciliation agreement with the Jesse Jackson for President Committee and Emma Chappell, as treasurer, the Jackson for President Committee, Inc. - California, and Jules Glazer, as treasurer, and New Yorkers for Jesse Jackson and George Glee, as treasurer.
2. Approve the attached letter.
3. Close the file.

Date

8/24/87

Lawrence M. Noble (7/9)
Lawrence M. Noble
Acting General Counsel

Attachments

1. Proposed conciliation agreement
2. Letter from respondents
3. Proposed letter

Attachment(s) 1(a)

to General Counsel's Report

have been removed from this
position in Public Record File.

See Index Item(s) 52

87040461230

Attachment(s) 2
to General Counsel's Report
have been removed from this
position in Public Record File.
See Index Item(s) 49

87040561231

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Jesse Jackson for President Committee
and Emma Chappell, as treasurer

MUR 2061

The Jackson for President,
Committee Inc, - California
and Jules Glazer, as treasurer

New Yorkers for Jesse Jackson and
George Glee, Jr., as treasurer

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal
Election Commission, do hereby certify that on August 27,
1987, the Commission decided by a vote of 4-0 to take
the following actions in MUR 2061:

1. Accept the conciliation agreement with the Jesse Jackson for President Committee and Emma Chappell, as treasurer, the Jackson for President Committee, Inc. - California, and Jules Glazer, as treasurer, and New Yorkers for Jesse Jackson and George Glee, as treasurer, as recommended in the General Counsel's report signed August 24, 1987.
2. Approve the letter, as recommended in the General Counsel's report signed August 24, 1987.
3. Close the file.

(continued)

Federal Election Commission
Certification for MUR 2061
August 27, 1987

Page 2

Commissioners Aikens, Elliott, McDonald, and McGarry
voted affirmatively for the decision;
Commissioners Josefiak and Thomas did not cast a vote.

Attest:

8-27-87

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

Received in the Office of Commission Secretary: Mon., 8-24-87, 4:23
Circulated on 48 hour tally basis: Tues., 8-25-87, 11:00
Deadline for vote: Thurs., 8-27-87, 11:00



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

August 28, 1987

Edward Coaxum, Jr., Esquire
Coaxum & Hewitt
Suite 1600 The Illuminating Building
55 Public Square
Cleveland, Ohio 44113

RE: MUR 2061
Jesse Jackson for President
Committee and Emma Chappell,
as treasurer; The Jackson for
President Committee, Inc. -
California and Jules Glazer,
as treasurer; New Yorkers
for Jesse Jackson and
George Glee, Jr., as treasurer

Dear Mr. Coaxum:

On August 27, 1987 the Federal Election Commission accepted the signed conciliation agreement submitted on your clients' behalf in settlement of a violation of 2 U.S.C. §§ 434(b)(2), 434(b)(4), 434(b)(2)(K), 434(b)(3)(F), 434(b)(3)(E), 434(b)(8), 434(b)(5)(A), 434(b)(3)(B), 441a(f), 441b(a), and 434(b)(3)(A), provisions of the Federal Election Campaign Act of 1971, as amended and 11 C.F.R. § 104.3(d) of the Commission's Regulations. Accordingly, the file has been closed in this matter. This matter will become a part of the public record within 30 days. If you wish to submit any factual or legal materials to appear on the public record, please do so within ten days. Such materials should be sent to the Office of the General Counsel.

Please be advised that information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B). The enclosed conciliation agreement, however, will become a part of the public record.

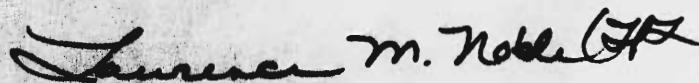
Enclosed you will find a copy of the fully executed conciliation agreement for your files. Please make your check for the civil penalty payable to the Federal Election Commission.

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Letter to Edward Coaxum, Jr., Esquire
Page 2

If you have any questions, please contact Charles Snyder, the
attorney assigned to this matter at (202) 376-8200.

Sincerely,


Lawrence M. Noble
Acting General Counsel

Enclosure
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF

- (a) Jesse Jackson for President
Committee and
Emma Chappell, as Treasurer
- (b) The Jackson for President
Committee, Inc.-California and
Jules Glazer, as Treasurer
- (c) New Yorkers for Jesse Jackson
and George Glee, Jr., as Treasurer

MUR 2061

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission (hereinafter, the "Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found probable cause to believe that (i) Jesse Jackson for President Committee (hereinafter, "JJPC") and Emma Chappell, as Treasurer, (hereinafter, "JJPC Respondents"), (ii) The Jackson for President Committee, Inc.-California (hereinafter, "JPC-C") and Jules Glazer, as Treasurer, (hereinafter, "JPC-C Respondents"), and (iii) New Yorkers for Jesse Jackson (hereinafter, "NYJJ") and George Glee, as Treasurer, (hereinafter, "NYJJ Respondents") violated certain provisions of the Federal Election Campaign Act of 1971, as amended (the "Act"), as well as certain provisions of regulations promulgated by the Commission under the Act. The JJPC Respondents, the JPC-C Respondents, and the NYJJ Respondents are collectively referred to hereinafter as the "Respondents".

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The Commission has found probable cause to believe that the JJPC Respondents violated 2 U.S.C. § 434 (b)(2) and (4) by understating their receipts and disbursements; 2 U.S.C. § 434(b)(2)(K) by failing to itemize the receipt of Federal matching funds; 2 U.S.C. § 434(b)(3)(F) by failing to itemize all refunds, rebates, or offsets exceeding \$200; 2 U.S.C. §§ 434(b)(3)(E) and 434(b)(8) and 11 C.F.R. § 104.3(d) by failing to report the receipt of certain loans, the continuing obligation on a loan, and a payment on a loan; 2 U.S.C. § 434(b)(5)(A) by failing to itemize various expenditures and to identify the recipients of those expenditures; 2 U.S.C. § 434(b)(3)(B) by failing to itemize various contributions from political committees; 2 U.S.C. § 441a(f) by accepting excessive contributions; 2 U.S.C. § 441b(a) by accepting corporate contributions; and 2 U.S.C. § 434 (b)(3)(A) by failing to itemize certain contributions received by affiliated committees.

Further, the Commission has found probable cause to believe that the JPC-C Respondents violated 2 U.S.C. § 434(b)(3)(A) by failing to itemize certain contributions they received.

Finally, the Commission has found probable cause to believe that the NYJJ Respondents violated 2 U.S.C. § 434(b)(3)(A) by failing to itemize certain contributions they received.

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. The Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. The Respondents enter voluntarily into this agreement with the Commission.

IV. As to the JJPC Respondents

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

1. JJPC is the principal campaign committee authorized by Jesse Jackson with respect to his candidacy for the Presidency.

2. Respondent Emma Chappell is the Treasurer of said campaign committee.

3. JJPC Respondents' reports understated their receipts by \$825,959.36 and their disbursements by \$1,094,535.89.

4. JJPC Respondents failed to itemize \$114,195.87 received in Federal matching funds pursuant to Chapters 95 and 96 of Title 26.

5. JJPC Respondents failed to itemize fifteen refunds, rebates, or offsets worth \$113,534.51.

6. JJPC Respondents failed to report the receipt of \$350,000 in loans, the receipt of \$31,713 in loans to affiliated committees, the continuing obligation on a loan of \$100,000, and a payment of \$100,000 on a loan.

7. JJPC Respondents failed to itemize disbursements totalling \$705,905.99 and interest payments of \$12,570.82; disbursements of \$206,212.45 were itemized but later voided and not offset correctly on the reports; four disbursements, totalling \$45,500, were itemized twice; and 122 expenditures totalling \$59,514.26 on the committee's draft account were not itemized.

8. JJPC Respondents failed to itemize contributions, worth \$12,095.83, from political committees.

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9. JJPC Respondents knowingly accepted 29 contributions from individuals that were in excess of \$1,000. The excessive portion of these contributions amounted to \$5,561.64.

10. JJPC Respondents knowingly accepted contributions in the form of five loans worth \$5,850.00, from a corporation.

11. JJPC Respondents failed to itemize reports of the receipt of contributions by two affiliated campaign committees, namely, JPC-C and NYJJ.

B. JJPC Respondents violated the Federal Election Campaign Act of 1971, as Amended, 2 U.S.C. § 431 et. seq., i.e., the Act, as follows:

1. JJPC Respondents underreported disbursements and receipts in violation of 2 U.S.C. § 434(b)(2) and (4);

2. JJPC Respondents failed to itemize Federal matching funds received in violation of 2 U.S.C. § 434(b)(2)(K);

3. JJPC Respondents failed to itemize refunds received in violation of 2 U.S.C. § 434(b)(3)(F);

4. JJPC Respondents failed to report the receipt of loans, the continuing obligation on loans, and payments on loans in violation of 2 U.S.C. §§ 434(b)(3)(E), 434(b)(8), and 11 C.F.R. § 104.3(d).

5. JJPC Respondents failed to itemize certain expenditures and to identify the recipients of certain expenditures in violation of 2 U.S.C. § 434(b)(5)(A).

6. JJPC Respondents failed to itemize certain contributions received from political committees in violation of 2 U.S.C. § 434(b)(3)(B).

7. JJPC Respondents failed to file itemized reports of certain contributions received by its affiliated committees in violation of 2 U.S.C. § 434(b)(3)(A).

8. JJPC Respondents knowingly accepted excessive contributions in violation of 2 U.S.C. 441a(f).

9. JJPC Respondents knowingly accepted corporate contributions in violation of 2 U.S.C. § 441(b).

10. JJPC Respondents contend that the matters described in Subparagraphs 1 through 7, above, are in the nature of reporting requirements violations. Respondents contend that they diligently attempted to comply with the reporting requirements. JJPC Respondents contend that they attempted to secure the necessary information and upon obtaining such information, they filed with the Commission amended reports which provided the requisite information or which itemized the data in question.

11. As to the matters described in Subparagraphs 8 and 9, JJPC Respondents contend that such violations were not knowing and willful. JJPC Respondents further contend that they refunded both the excessive contributions as well as the corporate contributions to the affected contributors and that they employed good faith efforts to prepare and file with the Commission amended reports reflecting such refunds.

V. As to the JPC-C Respondents

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

1. JPC-C is a political committee authorized by Jesse Jackson with regard to his campaign for the Presidency.

2. Respondent Jules Glazer is the Treasurer of that committee.

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3. JPC-C Respondents were required to file with the Commission reports identifying all persons making a contribution to the JPC-C Respondents during the pertinent reporting period whose contribution or contributions had an aggregate amount or value in excess of \$200.00 within the calendar year.

4. JPC-C Respondents filed reports with the Commission that failed to itemize 210 contributions, each in excess of \$200.00, with an aggregate value of \$23,823.41.

B. JPC-C Respondents failed to itemize certain contributions whose value exceeded \$200.00, in violation of 2 U.S.C. § 434(b)(3)(A). JPC-C Respondents contend that they diligently attempted to comply with this reporting requirement and they contend that when they provided the requisite data, JJPC, the principal campaign committee, filed amended reports with the Commission itemizing the contributions in question.

VI. As to the NYJJ Respondents

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

1. NYJJ is a political committee authorized by Jesse Jackson with regard to his campaign for the Presidency.

2. Respondent George Glee, Jr., is the Treasurer of that committee.

3. NYJJ Respondents were required to file with the Commission reports identifying all persons making a contribution to NYJJ Respondents during the pertinent reporting period whose contribution or contributions had an aggregate amount or value in excess of \$200.00 within the calendar year.

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4. NYJJ Respondents filed reports with the Commission that failed to itemize 118 contributions, each of which was in excess of \$200.00, with an aggregate value of \$22,131.47.

B. NYJJ Respondents failed to itemize certain contributions whose value exceeded \$200.00 in violation of 2 U.S.C. § 434(b)(3)(A). NYJJ Respondents contend that they diligently attempted to comply with this reporting requirement and they contend that when they provided the requisite data, JJPC, the principal campaign committee, filed amended reports with the Commission itemizing the contributions in question.

VII. Pursuant to 2 U.S.C. § 437g(a)(5)(A), the Respondents will pay a civil penalty to the Commission in the amount of Thirteen Thousand Dollars (\$13,000.00).

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

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

X. Respondents shall have no more than sixty (60) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

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 any party or by agents of any party, that is not contained in this written agreement shall be valid.

FOR THE FEDERAL ELECTION COMMISSION:

Lawrence M. Noble (S) 8/25/87
Lawrence M. Noble Date
Acting General Counsel

FOR THE RESPONDENTS:

- (i) JESSE JACKSON FOR PRESIDENT
COMMITTEE, AND EMMA CHAPPELL,
AS TREASURER;
- (ii) THE JACKSON FOR PRESIDENT
COMMITTEE, INC., - CALIFORNIA
JULES GLAZER, AS TREASURER; and
- (iii) NEW YORKERS FOR JESSE JACKSON
AND GEORGE GLEE, Jr., AS TREASURER:

Edward C. Coaxum, Jr.
Edward C. Coaxum, Jr., Esq.
Legal Counsel

August 13, 1987
Date

James H. Hewitt, III
James H. Hewitt, III, Esq.
Legal Counsel

August 13, 1987
Date

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 2061

DATE FILMED 10/24/87 CAMERA NO. 3

CAMERAMAN GPC

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