



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 2112

DATE FILMED _____ CAMERA NO. _____

CAMERAMAN _____

93040930181



Key Bank of
Eastern Maine

77 EXCHANGE STREET/P.O. BOX 4000/BANGOR, MAINE 04401/(207) 945-5611

RECEIVED AT THE FEC
GCC#9179
85 DEC 6 9:09

November 29, 1985

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

RE: Complainant: Key Bank of Eastern Maine
77 Exchange Street
P.O. Box 4000
Bangor, Maine 04401

Respondents: J. Gregory Freeman
Presque Isle, Maine 04769

Severin M. Beliveau
Augusta, Maine 04333

Michael J. Gentile
Augusta, Maine 04333

Gentlemen:

Based on personal knowledge and that acquired from bank records, complainant alleges the following violations, by Respondents, of statutes over which the Commission has jurisdiction:

- I. On November 1, 1984, one Chipman Bull executed and delivered a note to Complainant to evidence a loan to Mr. Bull in the amount of \$10,000.00. (Exhibit 1; "The Loan")
- II. At the time Mr. Bull executed and delivered said note, he was a candidate for election to the U. S. House of Representatives, Second Congressional District in Maine.
- III. The loan was specifically requested by representatives of the Chipman C. Bull for Congress campaign committee to enable Mr. Bull to purchase television and radio time on which to broadcast campaign messages.
(bank loan file notes)



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GENERAL COUNSEL

- IV. Complainant is a depository institution whose deposits and accounts are insured by the Federal Deposit Insurance Corporation.
- V. The loan was made by Complainant in the ordinary course of business at an interest rate of 15% per annum, was evidenced by a written instrument and was made subject to a due date of January 30, 1985.
- VI. The note executed and delivered by Mr. Bull was guaranteed by Respondents, jointly and severally, for the full amount of \$10,000.00. (Exhibits 2, 3 and 4)
- VII. In so guaranteeing said note, Respondents violated 2 U.S.C.S. §441a(a)(1)(A) and 11 C.F.R. §110.1(a)(1), as interpreted by 2 U.S.C.S. §431(8)(B)(vii)(I) and 11 C.F.R. §100(b)(11).

Dated at Bangor, Maine this _____ day of November, 1985.

WITNESS:

Alberta P. Gough

Maurice P. Shea, III
Maurice P. Shea, III.,
President, Key Bank of
Eastern Maine

STATE OF MAINE
PENOBSCOT, ss.

, 1985

Personally appeared the above-named Maurice P. Shea, III., President, Key Bank of Eastern Maine, duly authorized, who made oath that the foregoing statements are true, based upon his own personal information or information he believes to be true; and further that he has acknowledged the foregoing instrument to be his free act and deed in said capacity and the free act and deed of Key Bank of Eastern Maine.

Before me,

[Signature]
Notary Public (Signature)

CLAUDE P.M. O'DONNELL
Notary Public (Printed Name)

CLAUDE P. M. O'DONNELL
NOTARY PUBLIC
My Commission Expires Jan. 26, 1986

93040930183



COMMERCIAL NOTE

LHP 1-51
Loan Officers
Initials

\$ 10,000.00

Key Bank of

Eastern Maine

Bangor, Maine 04401, Maine

November 1, 1984

Date

Ninety Days (90)

after date, FOR VALUE RECEIVED, the undersigned borrower(s) (herein after called "Borrower") jointly and severally promise(s) to pay to the order of Key Bank of Eastern Maine (herein after sometimes called "Bank") at any office of said Bank, the principal sum of Ten Thousand and no/100

(\$10,000.00)

Dollars or so much thereof as from time to time may be outstanding together with interest on the unpaid principal balance computed at a rate of:

RATE: Check only one

1. ☒ FIXED—Fifteen and no/100 (15 %) percent per annum.
 2. ☐ VARIABLE— (currently %) for commercial loans from time to time in effect at said bank plus (%) percent per annum.

TERM: Check appropriate box(es)

3. ☒ Principal and interest payable at maturity on January 30, 1985
 4. ☐ Until demanded, \$ principal plus accrued interest shall be payable on and on the day of each thereafter until the note is paid in full. All such payments will be applied first to interest due and the balance, if any, to principal.
 5. ☐ Until demanded, \$ principal and accrued interest shall be payable on and on the day of each thereafter until the note is paid in full. All such payments will be applied first to interest due and the balance, if any, to principal.
 6. ☐ Until due or demanded, interest shall be payable commencing and on the day of each thereafter, so long as any amount due hereunder remains outstanding.
 7. ☐ OTHER

As collateral security for the payment of this obligation or any other direct or indirect liability or liabilities of mine/ours or of either of us to said Bank, due or to become due, or that may hereafter be contracted, undersigned do hereby sell, convey and grant a security interest to Bank pursuant to the following:

8. ☐ This note is executed under the terms of a Loan Agreement or Line of Credit Agreement dated
 9. ☐ This note is secured by a Commercial Security Agreement or Pledge Agreement dated
 10. ☐ This note is secured by Mortgage Deed(s) duly executed and dated , securing real property, buildings, and improvements thereon.
 11. ☐ OTHER

In addition, the undersigned agrees to provide holder additional collateral security upon demand when and if the holder deems itself insecure.

The note evidences a loan for business and/or commercial purposes.

12. ACKNOWLEDGEMENT OF COPY:

Borrower acknowledges receipt of a copy of this note, and attests that the loan is to be used for the purpose represented to Bank if any representations are made.

THE BORROWER UNDERSTANDS AND AGREES THAT THE PROVISIONS APPEARING ON THE REVERSE SIDE HEREOF CONSTITUTE A PART OF THIS NOTE AS FULLY AS IF THEY WERE PRINTED ON THE FACE HEREOF ABOVE THE BORROWER'S SIGNATURE.

THIS NOTE SHALL TAKE EFFECT AS AN INSTRUMENT UNDER SEAL.

INDIVIDUAL BORROWER Chipman Bull

CORPORATE OR PARTNERSHIP BORROWER

SIGNED:

INDIVIDUAL BORROWER'S SIGNATURE (1)

PRINT NAME OF PARTNERSHIP OR CORPORATE BORROWER

ADDRESS c/o Prefl. Flaherty & Beliveau

SIGNED: One Memorial Drive, Augusta, Maine 04130

INDIVIDUAL BORROWER'S SIGNATURE (2)

BY:

ADDRESS

BY:

PAYMENT GUARANTEED:

BY:

ENDORSEMENT

As an inducement to the Bank to extend the financial accommodation evidenced by this note and in consideration of the credit extended on this note by the Bank, the undersigned endorses hereby jointly and severally guarantee to the Bank, its successors or assigns, the payment of said note and consent that the time of payment of said note may be extended from time to time without notice to, or further assent from, the undersigned, and the undersigned hereby consent that any security pledged may be exchanged or surrendered or the time of payment of said note extended from time to time, in the discretion of the Bank, without notice to or further assent from the undersigned, who will remain bound on this guarantee notwithstanding such extensions, exchanges or surrenders and hereby Waive Demand, Notice and Protest.



GUARANTY

For value received, the undersigned unconditionally guarantee(s) due fulfillment to Key Bank of Eastern Maine its successors and assigns, (hereinafter referred to as Bank) of all obligations, direct and indirect, of Chipman Bull (hereinafter referred to as principal obligor) to the Bank up to an aggregate amount of Ten Thousand and 00/100 ----- (\$10,000.00) Dollars (insert the number of dollars or the word "unlimited")

at any one time outstanding, whether incurred prior to the signing of this agreement or hereafter incurred prior to the receipt by the Bank of notice in writing from the undersigned of the revocation of this guaranty. Such notice of revocation shall not in any way affect the liability of the undersigned as to any obligations incurred prior to receipt of revocation by the Bank.

It is further agreed that the undersigned waive(s) notice of acceptance of this guaranty and any demand for payment and notice of non-payment and that without notice to the undersigned or without affecting the liability hereunder, the Bank may enforce its rights against the principal obligor and may take or release security and surrender documents, grant extensions, renewals and indulgences, and assign or participate out, in whole or in part, the principal obligation(s) with a pro rata share of this guaranty attached. The undersigned shall not assert any right arising from payment or other performance hereunder until all of said obligations shall have been fulfilled. The undersigned guarantee(s) to the Bank the payment of any and all expenses paid or incurred by it (including reasonable attorneys' fees) in connection with the collection of all sums and obligations guaranteed hereunder whether such collection be from the principal obligor or from one or more of the undersigned.

It is agreed that if this guaranty be signed by more than one person, then the instrument becomes the joint and several guaranty of all the signers.

Witness the hand(s) and seal(s) of the undersigned this First (1st) day of

November, 19 84.

WITNESS:

[Signature]

By:

[Signature]
J. Gregory Freeman

☐ This Guaranty is secured by the collateral listed on the reverse side hereof.



GUARANTY

For value received, the undersigned unconditionally guarantee(s) due fulfillment to Key Bank of Eastern Maine, its successors and assigns, (hereinafter referred to as Bank) of all obligations, direct and indirect, of Chipman Bull (hereinafter referred to as principal obligor) to the Bank up to an aggregate amount of \$10,000.00 Dollars (insert the number of dollars or the word "unlimited")

at any one time outstanding, whether incurred prior to the signing of this agreement or hereafter incurred prior to the receipt by the Bank of notice in writing from the undersigned of the revocation of this guaranty. Such notice of revocation shall not in any way affect the liability of the undersigned as to any obligations incurred prior to receipt of revocation by the Bank.

It is further agreed that the undersigned waive(s) notice of acceptance of this guaranty and any demand for payment and notice of non-payment and that without notice to the undersigned or without affecting the liability hereunder, the Bank may enforce its rights against the principal obligor and may take or release security and surrender documents, grant extensions, renewals and indulgences, and assign or participate out, in whole or in part, the principal obligation(s) with a pro rata share of this guaranty attached. The undersigned shall not assert any right arising from payment or other performance hereunder until all of said obligations shall have been fulfilled. The undersigned guarantee(s) to the Bank the payment of any and all expenses paid or incurred by it (including reasonable attorneys' fees) in connection with the collection of all sums and obligations guaranteed hereunder whether such collection be from the principal obligor or from one or more of the undersigned.

It is agreed that if this guaranty be signed by more than one person, then the instrument becomes the joint and several guaranty of all the signers.

Witness the hand(s) and seal(s) of the undersigned this 15th day of November, 1984

WITNESS:

Andre J. Lacasse

Severin Beliveau

☐ This Guaranty is secured by the collateral listed on the reverse side hereof.



GUARANTY

For value received, the undersigned unconditionally guarantee(s) due fulfillment to Key Bank of Eastern Maine, its successors and assigns, (hereinafter referred to as Bank) of all obligations, direct and indirect, of Chipman Bull (hereinafter referred to as principal obligor) to the Bank up to an aggregate amount of \$10,000.00 Dollars (insert the number of dollars or the word "unlimited")

at any one time outstanding, whether incurred prior to the signing of this agreement or hereafter incurred prior to the receipt by the Bank of notice in writing from the undersigned of the revocation of this guaranty. Such notice of revocation shall not in any way affect the liability of the undersigned as to any obligations incurred prior to receipt of revocation by the Bank.

It is further agreed that the undersigned waive(s) notice of acceptance of this guaranty and any demand for payment and notice of non-payment and that without notice to the undersigned or without affecting the liability hereunder, the Bank may enforce its rights against the principal obligor and may take or release security and surrender documents, grant extensions, renewals and indulgences, and assign or participate out, in whole or in part, the principal obligation(s) with a pro rata share of this guaranty attached. The undersigned shall not assert any right arising from payment or other performance hereunder until all of said obligations shall have been fulfilled. The undersigned guarantee(s) to the Bank the payment of any and all expenses paid or incurred by it (including reasonable attorneys' fees) in connection with the collection of all sums and obligations guaranteed hereunder whether such collection be from the principal obligor or from one or more of the undersigned.

It is agreed that if this guaranty be signed by more than one person, then the instrument becomes the joint and several guaranty of all the signers.

Witness the hand(s) and seal(s) of the undersigned this 15th day of

November, 19 84

WITNESS:

Ande Placane

Michael J. Gentile
Michael Gentile

☐ This Guaranty is secured by the collateral listed on the reverse side hereof.



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 6, 1986

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Severin M. Beliveau
94 Ganneston
Augusta, Maine 04333

Re: MUR 2112

Dear Mr. Beliveau:

This letter is to notify you that on December 6, 1985, the Federal Election Commission received a complaint which alleges that you have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2112. Please refer to this number in all future correspondence.

The complaint was not sent to you earlier due to delays cause by the recent move of our offices. Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against you in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath.

This matter will remain 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 matter to be made public.

If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

93040930188

If you have any questions, please contact Robert Raich, the attorney assigned to this matter at (202) 376-5690. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele
General Counsel

Kenneth A. Gross (H/S)
By Kenneth A. Gross
Associate General Counsel

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

93040930189



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 6, 1986

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

J. Gregory Freeman
316 State Street
Pesque Isle, Maine 04769

Re: MUR 2112

Dear Mr. Freeman:

This letter is to notify you that on December 6, 1985, the Federal Election Commission received a complaint which alleges that you may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2112. Please refer to this number in all future correspondence.

The complaint was not sent to you earlier due to delays caused by the recent move of our offices. Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against you in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath.

This matter will remain 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 matter to be made public.

If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

93040930190

If you have any questions, please contact Robert Raich, the staff person assigned to this matter at (202) 376-5690. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele
General Counsel

Kenneth A. Gross (197)

By Kenneth A. Gross
Associate General Counsel

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

93040930191



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 6, 1986

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Michael J. Gentile
One Memorial Circle
Augusta, Maine 04333

Re: MUR 2112

Dear Mr. Gentile:

This letter is to notify you that on December 6, 1985, the Federal Election Commission received a complaint which alleges that you have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2112. Please refer to this number in all future correspondence.

The complaint was not sent to you earlier due to delays caused by the recent move of our offices. Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against you in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath.

This matter will remain 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 matter to be made public.

If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

93040930192

If you have any questions, please contact Robert Raich, the attorney assigned to this matter at (202) 376-5690. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele
General Counsel

Kenneth A. Gross (LZ)

By Kenneth A. Gross
Associate General Counsel

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

93040930193



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

2112

January 6, 1986

Maurice P. Shea, III
President, Key Bank of Eastern Maine
P.O. Box 4000
Banger, Maine 04401

Dear Mr. Shea:

This letter is to acknowledge receipt of your complaint which we received on December 6, 1985, which alleges possible violations of the Federal Election Campaign laws by J. Gregory Freeman, Severin M. Beliveau, and Michael J. Gentile. A staff member has been assigned to analyze your allegations. The respondents will be notified of this complaint within five days.

You will be notified as soon as the Commission takes final action on your complaint. Should you have or receive any additional information in this matter, please forward it to this office. We suggest that this information be sworn to in the same manner as your original complaint. For your information, we have attached a brief description of the Commission's procedure for handling complaints. We have numbered this matter under review MUR 2112. Please refer to this number in all future correspondence. If you have any questions, please contact Lorraine F. Ramos at (202) 376-3110.

Sincerely,

Charles N. Steele
General Counsel

Kenneth A. Gross

By Kenneth A. Gross
Associate General Counsel

Enclosure

93040930194

600#9517

GARDNER, CARTON & DOUGLAS

1875 EYE STREET, N. W. SUITE 1050

WASHINGTON, D. C. 20006-5472

(202) 872-0200

MARTIN R. HOFFMANN
FRANCIS E. FLETCHER, JR.

M. SCOTT JOHNSON
G. CHRISTOPHER GRINER

WILLIAM P. BERNTON, COUNSEL

CABLE-COMMLAW
TELECOPIER: (202) 857-0363

LYNN M. CLANCY

RONALD J. JARVIS

PAUL KORMAN

ONE FIRST NATIONAL PLAZA
CHICAGO, IL 60603-2085
(312) 726-2452

SUITE 938
730-17TH STREET
DENVER, CO 80202-3520
(303) 629-5500

800 S. MILWAUKEE AVENUE
LIBERTYVILLE, IL 60048
(312) 367-0320

320 ROYAL POINCIANA PLAZA
PALM BEACH, FL 33480
(305) 833-5688

January 22, 1986

BY HAND

Ms. Lois Lerner
Mr. Robert Raich
Federal Election Commission
999 E Street, N.W.
Sixth Floor
Washington, DC 20463

86 JAN 22 P 3: 29

RECEIVED
OFFICE OF THE
GENERAL COUNSEL

Dear Ms. Lerner and Mr. Raich:

Enclosed herewith are Statements of Designation of Counsel on behalf of each of the respondents. In addition, respondents, through the undersigned counsel, respectfully request an extension of the fifteen (15) day response period to January 30, 1986. Respondents received the Commission's letter on or about January 8 or 9, 1986. Absent the requested extension, respondents' response would be due January 23 or 24, 1986. Due to the illness of undersigned counsel, counsel for respondents has been unable to complete adequate investigation of the facts and law to prepare the response. Therefore, respondents respectfully submit that good cause exists to grant the extension and respectfully urge such extension be granted.

Respectfully submitted,

J. Curtis Moffatt

J. Curtis Moffatt
Gardner, Carton & Douglas
1875 Eye Street, N.W.
Suite 1050
Washington, DC 20006
(202) 872-0200

JCM/dcl
Enclosures

561036040306

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2112

RECEIVED JAN 15 1986

NAME OF COUNSEL: J. Curtis Moffatt

ADDRESS:

Gardner, Carton & Douglas

1875 Eye Street, N.W., Suite 1050

Washington, DC 20006

TELEPHONE:

(202) 872-0200

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.

1-13-86
Date

J. Gregory Freeman
Signature

RESPONDENT'S NAME:

J. Gregory Freeman

ADDRESS:

316 State St.

Presque Isle Maine 04769

HOME PHONE:

207 762-9631

BUSINESS PHONE:

207 764-3333

93040930196

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2112

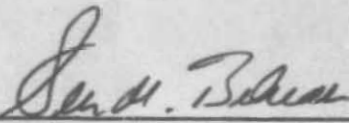
NAME OF COUNSEL: J. Curtis Moffatt

ADDRESS: Gardner, Carton & Douglas
1875 Eye Street, N.W., Suite 1050
Washington, DC 20006

TELEPHONE: (202) 872-0200

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.

January 16, 1986
Date


Signature

RESPONDENT'S NAME: Severin M. Beliveau

ADDRESS: Preti, Flaherty & Beliveau
One Memorial Circle
Augusta, ME 04330

HOME PHONE: 207/623-2748

BUSINESS PHONE: 207/623-5167

93040930197

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2112

NAME OF COUNSEL: J. Curtis Moffatt

ADDRESS: Gardner, Carton & Douglas
1875 Eye Street, N.W., Suite 1050
Washington, DC 20006

TELEPHONE: (202) 872-0200

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.

Date

Signature

RESPONDENT'S NAME:

Michael J. Gentile

Michael J. Gentile

ADDRESS:

Preti, Flaherty & Beliveau
One Memorial Circle
Augusta, ME 04330

HOME PHONE:

645-4266 (207)

BUSINESS PHONE:

623-5167 (207)

93040930198



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 24, 1986

J. Curtis Moffatt, Esquire
Gardner, Carton & Douglas
1875 Eye Street, N.W., Suite 1050
Washington, D.C. 20006

Re: MUR 2112
J. Gregory Freeman
Severin M. Beliveau
Michael J. Gentile

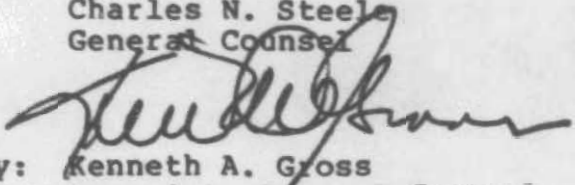
Dear Mr. Moffatt:

This is in reference to your letter dated January 22, 1986, requesting an extension until January 30, 1986 to respond to the complaint. After considering the circumstances presented in your letter, the Commission has determined to grant you your requested extension. Accordingly, your response will be due on January 30, 1986.

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

Sincerely,

Charles N. Steele
General Counsel


By: Kenneth A. Gross
Associate General Counsel

93040930199

GARDNER, CARTON & DOUGLAS

1875 EYE STREET, N. W. · SUITE 1050

WASHINGTON, D. C. 20006-5472

(202) 872-0200

MARTIN R. HOFFMANN
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M. SCOTT JOHNSON
G. CHRISTOPHER GRINER

WILLIAM P. BERNTON, COUNSEL

CABLE/COMMLAW
TELECOPIER: (202) 857-0363

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800 S. MILWAUKEE AVENUE
LIBERTYVILLE, IL 60048
(312) 367-0320

320 ROYAL POINCIANA PLAZA
PALM BEACH, FL 33480
(305) 833-5688

January 30, 1986

Federal Election Commission
Washington, D.C. 20463

Re: MUR 2112

Dear Sirs:

This letter is a response to the complaint the Federal Election Commission ("the Commission") received from Key Bank of Eastern Maine ("Complainant" or "the Bank") on December 6, 1985, alleging that J. Gregory Freeman, Severin M. Beliveau and Michael L. Gentile ("Respondents") have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act").

Complainant, the Key Bank of Eastern Maine, has, in addition to the complaint filed with the Commission, sued the three Defendant individuals on their "guaranty" of a promissory note for \$10,000 given to the bank on November 1, 1984 by Chipman C. Bull who was then a candidate for election to the U.S. House of Representatives in state district court in Maine seeking to recover from the

RECEIVED
OFFICE OF THE
GENERAL COUNSEL

36 JAN 30 P 4: 05

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GARDNER, CARTON & DOUGLAS

Federal Election Commission
January 30, 1986
Page 2

Respondents, jointly and severally, the principal amount of the note plus interest and costs including attorneys' fees. The loan was made to finance the general election campaign. Under the provisions of the Federal Election Campaign Act, 2 U.S.C. § 431 et seq., and regulations issued pursuant thereto, no action should be taken by the Commission against the Respondents.

93040930201
This complaint is nothing more than harassment of the Respondents in the course of the Bank's prosecution of the state litigation. As Respondents will show, Respondents executed the guaranties on the understanding that there would be sufficient guarantors such that no one guarantor would be obligated for a proportionate share in excess of the individual guarantor's contribution limit (including prior contributions) in accordance with 2 U.S.C §441a(1)(A) and 11 C.F.R. §110.1(a)(1). While Respondents executed the Bank's standard guaranty form providing for joint and several liability, such form was executed in the interest of time since the general election was a few days away and for the convenience of the principal parties to the loan, namely the Bank and the candidate, Chipman C. Bull. Such guaranty was clearly subject to the provisions of the Federal

GARDNER, CARTON & DOUGLAS

Federal Election Commission
January 30, 1986
Page 3

election campaign laws and this Commission's rules and regulations thereunder as agreed by the Respondents, the Campaign Committee and the Bank.

93040930202
In making the loan to a regulated federal campaign, the Bank knew that each guaranty was subject to contribution limits. In fact, an officer from Key Bank came to the offices of Gentile and Beliveau when presenting the Bank's guaranty form for signature. At the time of signing, instructions were given to the officer that no money be released pursuant to the loan unless and until there were at least ten other signatures to the obligation. This limitation was insisted upon in part because the guarantors did not want to be obligated to pay more than one thousand dollars.

The Bank is now demanding the Respondents violate federal law by paying in excess of their contribution limits. Respondents have refused. The Bank did not have to make the loan, and the candidate did not need to accept the proceeds, if sufficient guaranties were not in hand. Respondents should not be required now to violate the federal election laws as would be the result if the Bank

GARDNER, CARTON & DOUGLAS

Federal Election Commission
January 30, 1986
Page 4

were to prevail in the state court action. Nor should the Respondents continue to be subject to continued harassment of the Bank by subjecting Respondents to continued prosecution of the instant complaint by the Commission. The Bank made the error of funding the loan without adequate, enforceable guaranties in place contrary to the specific instructions and agreements between the Bank, Mr. Bull and the guarantors. The Respondents should not be required to bail out the Bank and Mr. Bull.

The Bank, on November 1, 1984, obtained from each of the Respondents a "guaranty" of the loan made to Chipman C. Bull. The Respondents were assured by the Bull election committee and the Bank at the time the guaranties were executed that there would be a total of eleven guarantors on the note, thus reducing their potential liability and amount of money which would be considered a contribution to the campaign by virtue of the guaranties. See, 11 C.F.R. §100.7(a)(1)(i)(C). In fact, however, no guaranties other than the three Defendants were obtained. Nevertheless, both the Bank and the Bull campaign proceeded to implement the loan.

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GARDNER, CARTON & DOUGLAS

Federal Election Commission
January 30, 1986
Page 5

93040930204

The Commission's regulations define a "loan" as a contribution. The term "loan" is defined to include any guaranty. Each guarantor is deemed to have contributed that portion of the total amount of the loan for which he or she agreed to be liable in a written agreement. If such agreement does not stipulate the portion of the loan for which each guarantor is liable, the loan is considered a loan by each guarantor in the same proportion to the unpaid balance that each guarantor bears to the total number of guarantors. See 11 C.F.R. § 100.7(a)(1)(i)(C).

Through no fault of the Respondents, the Bull Committee and the Bank did not live up to their representations that additional guarantors would be secured to guarantee the note. As the affidavits^{1/} of Beliveau (Exhibit A) and Gentile (Exhibit B) indicate, the Respondents never intended nor consented to being a guarantor on the promissory note for an amount greater than that permitted under Section 441a of the Federal Election Campaign Act.^{2/} The Bull Committee

^{1/} An executed facsimile of the affidavits is attached as Appendix I. An executed original will be filed with the FEC on January 31, 1986.

^{2/} A similar affidavit has not been provided by Defendant Freeman since he is out of the country.

GARDNER, CARTON & DOUGLAS

Federal Election Commission
January 30, 1986
Page 6

and the Bank simply did not fulfill their commitment to the Defendants by making the loan without adequate, enforceable collateral in contravention of the agreement with the guarantors. It is the Bank's obligation to know, before the loan was made, the limitations of each guaranty when making a loan to a candidate for federal elective office subject to the Act.

The guaranty on the \$10,000 note was signed by each of the three Defendants on November 1, 1984, five days before the general election of November 6. Prior to making the loan, the bank knew that the proceeds were to be used by, for and on behalf of Chipman Bull's candidacy; supposedly for television advertising in connection with the campaign. Due to the urgent need for the money and the limited amount of time the Bank and the Committee had to consummate the loan agreement, the Bank's standard business loan and guaranty forms were used. Further, also in the interest of time, there was not a formal closing for the loan. Rather, each of the guaranties was signed individually. The Bank's form guaranty agreement provided that if the instrument is signed by more than one person, it then becomes the joint and several liability of each party.

93040930205

GARDNER, CARTON & DOUGLAS

Federal Election Commission
January 30, 1986
Page 7

At the time of signing, however, the Defendants understood, and indeed reached an express agreement, that there would be a sufficient number of guarantors such that none would be required to remit more than their legal limit. Due to the representations made by the Bull Committee, the three Defendants believed they were assuming one-eleventh of the total loan obligation subject to the total contribution limits including the guarantee and any prior contributions. Had there been more time to modify the form agreement, the guaranty would have taken into account and made specific reference to the Act and the rules and regulations thereunder. Irrespective of the form, however, the Respondents, at the time the guaranties were executed, understood and had an agreement with the Bull Committee and the Bank that there would be ten to twelve guarantors such that the proportionate obligation of each guarantor would be at or below the \$1,000 limit on contributions.

Respondents have attempted to settle the instant dispute with the Bank. The Bank has refused and instead insists that the Respondents violate the federal elections laws by paying more than the applicable contribution limits. Respondents have refused. Respondents alternatively are

93040930206

GARDNER, CARTON & DOUGLAS

Federal Election Commission
January 30, 1986
Page 8

93040930207

attempting to raise, on behalf of Chipman C. Bull's committee, sufficient contributions to satisfy Mr. Bull's obligations under the Note including interest and costs. Assuming the success of those efforts, the guaranties will cease to constitute a contribution upon repayment and retirement of the debt. 11 C.F.R. §100.7(a)(1)(i)(B). Consequently, at that point, the only outstanding issue would be whether a violation had occurred with regard to the inclusion of the joint and several provision of the form guarantee. As discussed above, such liability was never the intent of the Respondents and indeed the Respondents are vigorously defending this issue in the state court proceeding and will do so, to the extent necessary, before this Commission.

The Respondents submit that the Complaint should be dismissed since it constitutes nothing more than further harassment by the Bank of the Respondents. Assuming repayment of the note by the Bull Committee, the Bank will have no interest in pursuing the complaint. Their interest will have been addressed. The Bank's failure to have required sufficient collateral in the form of additional guarantors will have been rectified. Absent dismissal by

GARDNER, CARTON & DOUGLAS

Federal Election Commission
January 30, 1986
Page 9

this Commission, the Respondents will, however, remain the subject of a pending complaint because the principals to the note and loan did not honor their commitment to the guarantors to obtain sufficient additional guarantors. Respondents respectfully submit that the facts and the law require dismissal of the complaint.

In order to try and resolve this matter expeditiously, Respondents, pursuant to the Commission's procedures, wish to engage in conciliation proceedings immediately, prior to any probable cause determination by the Commission.

Respectfully submitted,


J. Curtis Moffatt
Gardner, Carton & Douglas
1875 Eye Street, N.W.
Suite 1050
Washington, DC 20006
(202) 872-0200
An Attorney for Respondents

Dated this 30th day of January, 1986 at Washington, D.C.

93040930208

9620

GARDNER, CARTON & DOUGLAS

1875 EYE STREET, N. W. · SUITE 1050

WASHINGTON, D. C. 20006-5472

MARTIN R. HOFFMANN
FRANCIS E. FLETCHER, JR.

M. SCOTT JOHNSON
G. CHRISTOPHER GRINER

(202) 872-0200

CABLE: COMMLAW
TELECOPIER: (202) 857-0363

WILLIAM P. BERNTON, COUNSEL

LYNN M. CLANCY

RONALD J. JARVIS

PAUL KORMAN

ONE FIRST NATIONAL PLAZA
CHICAGO, IL 60603-2085
(312) 726-2452

SUITE 938
730-17TH STREET
DENVER, CO 80202-3520
(303) 629-5500

800 S. MILWAUKEE AVENUE
LIBERTYVILLE, IL 60048
(312) 367-0320

320 ROYAL POINCIANA PLAZA
PALM BEACH, FL 33480
(305) 833-5688

January 31, 1986

Federal Election Commission
Washington, DC 20463

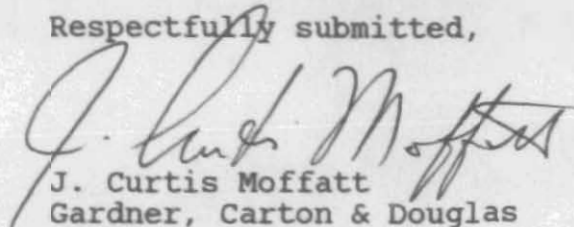
Re: MUR 2112

Dear Sirs:

Enclosed herewith are executed originals of the exhibits filed with the response dated January 30, 1986 in the above-referenced MUR.

Please incorporate into the record the executed originals as if filed on January 30, 1986.

Respectfully submitted,



J. Curtis Moffatt
Gardner, Carton & Douglas
1875 Eye Street, N.W.
Suite 1050
Washington, D.C. 20006
Attorney for Respondents

JCM/dcl
Enclosures

93040930209

RECEIVED
FEB 1 1986
FEDERAL ELECTION COMMISSION
36 JAN 31 P 3:44

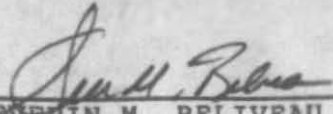
AFFIDAVIT OF
SEVERIN M. BELIVEAU

I, Severin M. Beliveau, being duly sworn do depose and say:

1. My name is Severin M. Beliveau and I am a resident of Augusta, Maine.
2. At the end of October, 1984 I was asked by Chipman Bull, a candidate for Congress, to help him raise money for a last minute media campaign. He stated that he had a poll that showed that with a good last minute media campaign, he might have a chance at winning. I conferred with both Mr. Bull and Mr. Gordon Dunn, his media consultant, about a loan transaction with several guarantors. I indicated to them that I could not contribute more than another \$250.00 to the campaign as I had already contributed \$750.00. I indicated to him that I would try to arrange or try to locate other people along with myself to guarantee a note to Key Bank which would loan the money to Mr. Bull. Mr. Bull and Mr. Dunn agreed to secure at least ten other guarantors.
3. Mr. Bull agreed and indicated to me that he would obtain other guarantors on the note and that no money would be released unless and until over ten signatures had been obtained.
4. I asked Greg Freeman and Mike Gentile to guarantee the note. I had indicated to them that their exposure would be a maximum of \$1,000.00 as there would be at least ten other guarantors on the note.
5. I was unable to obtain any more guarantors and again was assured by Mr. Dunn and Mr. Bull that they would, prior to taking the loan, obtain the other necessary guarantors. On about November 1, I signed the Guaranty form presented by the Key Bank which was forwarded to the Bank's Bangor office by a bank officer.
6. I did not participate in the negotiations of the note or its terms. Apparently, the loan to Mr. Bull was made on November 1, with a maturity of January 30, 1985.
7. Mr. Bull and Mr. Gordon Dunn contrary to their representations to me, took the loan without obtaining ten other guarantors. I had no knowledge that they were doing this. Moreover, and again contrary to their representations, I have since learned that they spent the money as follows: \$5,000.00 for media, \$3,000.00 to Mr. Dunn and \$1,750.00 to Mr. Bull. I had no knowledge of this.

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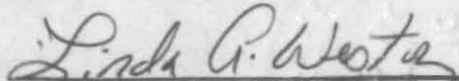
- 93040930211
8. In February of 1985 I participated with Mr. Gentile and Mr. Freeman, in paying \$375.00 to the Key Bank for interest.
 9. Again in June 1985 we sent another \$312.50 to the Key Bank for interest.
 10. On or about August 7, 1985 I was sued by the Key Bank for the full amount of this loan.
 11. I retained Counsel to assist me in defending this action.
 12. On November 22, 1985 I received a letter from the Key Bank indicating that they intended to file a complaint with the Federal Election Commission at the end of the month. A copy of the letter and this draft complaint is attached hereto as Exhibit A. The clear implication was that if I paid the loan, the complaint to the Federal Election Commission would not be filed.
 13. My counsel requested Key Bank to join with me in asking the Federal Election Commission for an advisory ruling on this matter. I further stated that if the Federal Election Commission agreed that I could pay this loan I would.
 14. The Bank refused this request and filed the complaint, which is the subject matter of these proceedings.


SEVERIN M. BELIVEAU

STATE OF MAINE
KENNEBEC, SS.

January 30, 1986

Personally appeared the above-named, SEVERIN M. BELIVEAU, and swore to the truth of the foregoing Affidavit.


Notary Public/~~Attorney~~ At Law

Print Name: Linda A. Weston



77 EXCHANGE STREET/P.O. BOX 4000/BANGOR, MAINE 04401/(207) 945-5611

November 29, 1985

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

RE: Complainant: Key Bank of Eastern Maine
77 Exchange Street
P.O. Box 4000
Bangor, Maine 04401

Respondents: J. Gregory Freeman
Presque Isle, Maine 04769

Severin M. Beliveau
Augusta, Maine 04333

Michael J. Gentile
Augusta, Maine 04333

Gentlemen:

Based on personal knowledge and that acquired from bank records, complainant alleges the following violations, by Respondents, of statutes over which the Commission has jurisdiction:

- I. On November 1, 1984, one Chipman Bull executed and delivered a note to Complainant to evidence a loan to Mr. Bull in the amount of \$10,000.00. (Exhibit 1; "The Loan")
- II. At the time Mr. Bull executed and delivered said note, he was a candidate for election to the U. S. House of Representatives, Second Congressional District in Maine.
- III. The loan was specifically requested by representatives of the Chipman C. Bull for Congress campaign committee to enable Mr. Bull to purchase television and radio time on which to broadcast campaign messages. (bank loan file notes)



- IV. Complainant is a depository institution whose deposits and accounts are insured by the Federal Deposit Insurance Corporation.
- V. The loan was made by Complainant in the ordinary course of business at an interest rate of 15% per annum, was evidenced by a written instrument and was made subject to a due date of January 30, 1985.
- VI. The note executed and delivered by Mr. Bull was guaranteed by Respondents, jointly and severally, for the full amount of \$10,000.00. (Exhibits 2, 3 and 4)
- VII. In so guaranteeing said note, Respondents violated 2 U.S.C.S. §441a(a)(1)(A) and 11 C.F.R. §110.1(a)(1), as interpreted by 2 U.S.C.S. §431(8)(B)(vii)(I) and 11 C.F.R. §100(b)(11).

Dated at Bangor, Maine this _____ day of November, 1985.

WITNESS:

STATE OF MAINE
PENOBSCOT, ss.

Maurice P. Shea, III.,
President, Key Bank of
Eastern Maine

, 1985

Personally appeared the above-named Maurice P. Shea, III., President, Key Bank of Eastern Maine, duly authorized, who made oath that the foregoing statements are true, based upon his own personal information or information he believes to be true; and further that he has acknowledged the foregoing instrument to be his free act and deed in said capacity and the free act and deed of Key Bank of Eastern Maine.

Before me,

Notary Public (Signature)

Notary Public (Printed Name)

93040930213



Key Bank of
Eastern Maine

RECEIVED NOV 22 1985

EXHIBIT A

77 EXCHANGE STREET/P.O. BOX 4000/BANGOR, MAINE 04401/(207) 945-5611

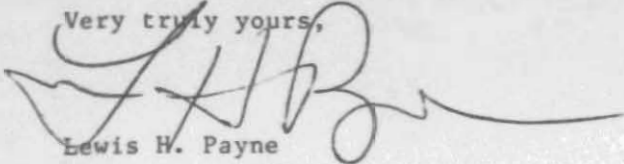
November 19, 1985

Severin Beliveau, Esquire
Preti, Flaherty & Beliveau
One Memorial Drive
Augusta, Me 04330

Dear Severin:

Please find enclosed a copy of the complaint we intend to file with the Federal Election Commission. If you have any comments regarding the facts as stated, please let me know as we intend to mail the complaint by the end of the month.

Very truly yours,


Lewis H. Payne
Vice President

LHP:pls
Enclosure



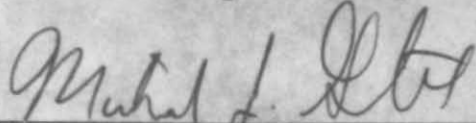
AFFIDAVIT OF
MICHAEL J. GENTILE

I, Michael J. Gentile, being duly sworn do depose and say:

1. My name is Michael J. Gentile and I am a resident of Jay, Maine.
2. On November 1, 1984 I was asked by Severin Beliveau, my partner, to join with a group of other Maine citizens to guarantee a promissory note of Chipman Bull to the Key Bank. The purpose of the note was to provide funds to purchase media advertising for Chipman Bull's campaign for Congress.
3. I agreed to guarantee the note only if my total exposure would be \$950.00 or less: because I had previously contributed \$50.00 to the campaign and because I did not want to give more than \$1,000.00 to this campaign. The loan was apparently arranged through the Key Bank of Eastern Maine and the execution portion was handled by the Augusta Key Bank Office.
4. An Officer from Key Bank came into my office with Severin Beliveau and presented the Key Bank's Guaranty form for me to sign.
5. I signed the Guaranty and instructed the Bank Officer to be sure that no money was to be released unless and until there were at least ten other signatures to the obligation because in no event did I want to be exposed to more than a \$1,000.00 liability. The Officer said that he was forwarding the document to the Bank's Bangor Office as that was the office making the loan.
6. I did not participate in the negotiations of the loan or its terms. Apparently, the loan to Mr. Bull was made on November 1, with a maturity of January 30, 1985.
7. Mr. Bull and Mr. Gordon Dunn contrary to their representations to Mr. Beliveau, took the loan without obtaining ten other guarantors. I had no knowledge that they were doing this. Moreover, and again contrary to their representations to Mr. Beliveau, I have since learned that they spent the money as follows: \$5,000.00 for media advertising, \$3,000.00 to Mr. Dunn and \$1,750.00 to Mr. Bull. I had no knowledge of this.

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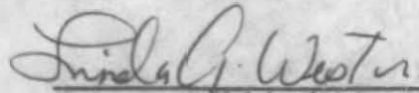
- 93040930216
8. In February of 1985 I participated with Mr. Beliveau and Mr. Freeman, in paying \$375.00 to the Bank for interest.
 9. Again in June 1985 we sent another \$312.50 to the Key Bank for interest.
 10. On or about August 7, 1985 I was sued by the Key Bank for the full amount of this loan.
 11. I retained Counsel to assist me in defending this action.
 12. On November 22, 1985 I received a letter from the Key Bank indicating that they intended to file a complaint with the Federal Election Commission at the end of the month. A copy of the letter and this draft complaint is attached hereto as Exhibit A. The clear implication was that if I paid the loan, the complaint to the Federal Election Commission would not be filed.
 13. My counsel requested Key Bank to join with me in asking the Federal Election Commission for an advisory ruling on this matter. I further stated that if the Federal Election Commission agreed that I could pay this loan I would.
 14. The Bank refused this request and filed the complaint, which is the subject matter of these proceedings.


MICHAEL J. GENTILE

STATE OF MAINE
KENNEBEC, SS.

January 30, 1986

Personally appeared the above-named, MICHAEL J. GENTILE, and swore to the truth of the foregoing Affidavit.


Notary Public/Attorney At Law

Print Name: Linda A. Weston

MY COMMISSION EXPIRES
MAY 8, 1988

EXHIBIT A



Key Bank of
Eastern Maine

77 EXCHANGE STREET/P.O. BOX 4000/BANGOR, MAINE 04401/(207) 945-5611

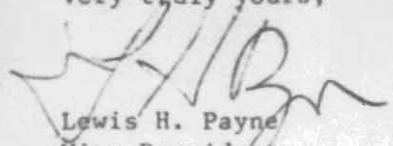
November 19, 1985

Michael J. Gentile
Preti, Flaherty & Beliveau
One Memorial Drive
Augusta, Me 04330

Dear Mr. Gentile:

Please find enclosed a copy of the complaint we intend to file with the Federal Election Commission. If you have any comments regarding the facts as stated, please let me know as we intend to mail the complaint by the end of the month.

Very truly yours,


Lewis H. Payne
Vice President

LHP:pls
Enclosure

93040930217





Key Bank of
Eastern Maine

77 EXCHANGE STREET/P.O. BOX 4000/BANGOR, MAINE 04401/(207) 945-5611

November 29, 1985

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

RE: Complainant: Key Bank of Eastern Maine
77 Exchange Street
P.O. Box 4000
Bangor, Maine 04401

Respondents: J. Gregory Freeman
Presque Isle, Maine 04769

Severin M. Beliveau
Augusta, Maine 04333

Michael J. Gentile
Augusta, Maine 04333

Gentlemen:

Based on personal knowledge and that acquired from bank records, complainant alleges the following violations, by Respondents, of statutes over which the Commission has jurisdiction:

- I. On November 1, 1984, one Chipman Bull executed and delivered a note to Complainant to evidence a loan to Mr. Bull in the amount of \$10,000.00. (Exhibit 1; "The Loan")
- II. At the time Mr. Bull executed and delivered said note, he was a candidate for election to the U. S. House of Representatives, Second Congressional District in Maine.
- III. The loan was specifically requested by representatives of the Chipman C. Bull for Congress campaign committee to enable Mr. Bull to purchase television and radio time on which to broadcast campaign messages.
(bank loan file notes)

93040930218

GARDNER, CARTON & DOUGLAS

1875 EYE STREET, N. W. SUITE 1050

WASHINGTON, D. C. 20006-5472

MARTIN R. HOFFMANN
FRANCIS E. FLETCHER, JR.M. SCOTT JOHNSON
G. CHRISTOPHER GRINER

(202) 872-0200

CABLE-COMMLAW
TELECOPIER: (202) 857-0363

WILLIAM P. BERNTON, COUNSEL

LYNN M. CLANCY

RONALD J. JARVIS

PAUL KORMAN

ONE FIRST NATIONAL PLAZA
CHICAGO, IL 60603-2085
(312) 726-2452SUITE 938
730-17TH STREET
DENVER, CO 80202-3520
(303) 629-5500800 S. MILWAUKEE AVENUE
LIBERTYVILLE, IL 60048
(312) 367-0320320 ROYAL POINCIANA PLAZA
PALM BEACH, FL 33480
(305) 833-5688

March 10, 1986

Mr. Robert Raich
Federal Election Commission
999 E Street, N.W.
Sixth Floor
Washington, D.C. 20463Re: MUR 2112

Dear Mr. Raich:

This letter is a follow-up to our January 30, 1986 response to the complaint the Federal Election Commission ("the Commission") received from Key Bank of Eastern Maine on December 5, 1985, alleging that J. Gregory Freeman, Severin M. Beliveau and Michael L. Gentile have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act").

Please find enclosed a copy of the original affidavit of J. Gregory Freeman, duly sworn to, signed and notarized on February 20, 1986 (Exhibit 1). The affidavit is consistent with those submitted by Beliveau and Gentile in that it states that Freeman never intended nor consented to being a guarantor on the promissory note for an amount greater than that permitted under Section 441a of the Federal Election Campaign Act. Like the others, Freeman agreed to guarantee the note only if at least 10 others were to sign along with him.

As evidenced by the enclosed paperwork, efforts have been completed to raise the balance of the money owed on the Key Bank loan. Full payment has been made to Key Bank. (See letter from Denise Deshane, Treasurer of the Chipman C. Bull for Congress Committee to Paul F. Chaiken, Counsel for Key Bank, dated February 4, 1986 and attached hereto as Exhibit 2).

86 MAR 10 P 3:22

RECEIVED
OFFICE OF THE
GENERAL COUNSEL

93040930219

GARDNER, CARTON & DOUGLAS

Mr. Robert Raich
March 10, 1986
Page 2

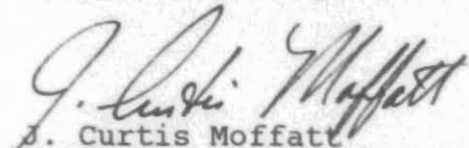
Further, it is our understanding based on communications with counsel in Maine that docket entries based upon stipulations of counsel have been entered in the Superior Court for Penobscot County. These entries dismiss the actions with prejudice.

Finally, the most current list of documented contributions to the Chipman C. Bull campaign is enclosed (Exhibit 3). The list represents those parties who contributed monies to the campaign committee to pay off the loan balance. The amount listed on the far right-hand margin may be added to the previous amount listing, if any, to determine each contributor's aggregate contribution. Based upon one analysis of the contributions, together with prior contributions, none of the defendants have contributed an amount exceeding Federal Election Campaign Act regulations.

Based upon this supplemental information and the initial response filed on January 30, 1986, the complaint is without merit and should be dismissed. We remain ready to enter into conciliation with the Commission and its staff in the unlikely event the Commission determines not to dismiss the complaint at this time as urged by the Respondents.

If you should have any questions regarding the enclosed information, please contact the undersigned.

Respectfully submitted,



J. Curtis Moffatt
Gardner, Carton & Douglas
1875 Eye Street, N.W.
Suite 1050
Washington, D.C. 20006-5472
(202) 872-0200
An Attorney for Respondents

Enclosures

93040930220

AFFIDAVIT OF
J. GREGORY FREEMAN

I, J. Gregory Freeman, being duly sworn do depose and say:

1. My name is J. Gregory Freeman and I am a resident of Presque Isle, Maine.
2. At the end of October 1984 I was asked by Severin Beliveau to join with a group of other Maine citizens to guarantee a promissory note of Chipman Bull to the Key Bank. The purpose of the note was to provide funds to purchase media advertising for Chipman Bull's campaign for Congress.
3. I agreed to guarantee the note only if at least 10 others were to sign along with me. I understood there would be post-election fundraising to pay for this last minute campaign effort. The loan was apparently arranged through the Key Bank of Eastern Maine in Bangor and the execution portion was handled by the Presque Isle Key Bank Office.
4. An Officer from Key Bank called me to go to his office to sign the paperwork. At the Bank's office I was presented with the Key Bank's Guaranty form for me to sign.
5. I did not participate in the negotiations of the loan or its terms. Apparently, the loan to Mr. Bull was made on November 1, with a maturity of January 30, 1985.
6. Mr. Bull and Mr. Gordon Dunn contrary to their representations to Mr. Beliveau, took the loan without obtaining ten other guarantors. I had no knowledge that they were doing this. Moreover, and again contrary to their representations to Mr. Beliveau, I have since learned that they spent the money as follows: \$5,000.00 for media advertising, \$3,000.00 to Mr. Dunn and \$1,750.00 to Mr. Bull. I had no knowledge of this.
7. In February of 1985 I participated with Mr. Beliveau and Mr. Gentile, in paying \$375.00 to the Bank for interest.
8. Again in June 1985 we sent another \$312.50 to the Key Bank for interest.
9. On or about August 7, 1985 I was sued by the Key Bank for the full amount of this loan.

93040930221

10. I retained Counsel to assist me in defending this action.
11. On November 22, 1985 I received a letter from the Key Bank indicating that they intended to file a complaint with the Federal Election Commission at the end of the month. This letter was the same as received by Mr. Beliveau and Mr. Gentile. I did not retain the letter. The clear implication was that if I paid the loan, the complaint to the Federal Election Commission would not be filed.
12. My counsel requested Key Bank to join with me in asking the Federal Election Commission for an advisory ruling on this matter. I further stated that if the Federal Election Commission agreed that I could pay this loan I would.
13. The Bank refused this request and filed the complaint, which is the subject matter of these proceedings.

J. Gregory Freeman
J. GREGORY FREEMAN

STATE OF MAINE
KENNEBEC, SS.

February 20, 1986

Personally appeared the above-named, J. GREGORY FREEMAN, and swore to the truth of the foregoing Affidavit.

Patricia J. Gay
Notary Public/Attorney At Law

Print Name: Patricia J. Gay

0281m

PATRICIA J. GAY
NOTARY PUBLIC, MAINE
MY COMMISSION EXPIRES MAY 2, 1992

93040930222

Chip Bull for U.S. Congress

207-947-5240

February 4, 1986

Paul F. Chaiken, Esquire
 Rudman & Winchell
 84 Harlow Street
 P.O. Box 1401
 Bangor, ME 04401

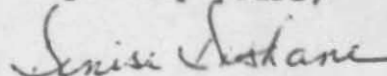
Re: Chipman Bull and Key Bank

Dear Mr. Chaiken:

On behalf of the Chipman Bull for U.S. Congress Committee, I hereby enclose a check payable to Key Bank in the amount of \$15,630.59 to be applied as follows:

Principal due	\$10,000.00
Interest through 02/07/86	1,241.66
Attorneys' Fees through 02/07/86	4,092.00
Expenses through 02/07/86	296.93
	<u>\$15,630.59</u>

Very truly yours,



Denise Deshane
 Treasurer

DD/la
 Enclosure

93040930224

CHIPMAN C. BULL FOR CONGRESS

193 BROAD ST.
BANGOR, ME 04401

221

PAY TO THE
ORDER OF

Gay Bank

Fifteen thousand six hundred thirty and 5/100

\$ 15,630.55

DOLLARS

DEPOSITORS
TRUST COMPANY
OF EASTERN MAINE
BANGOR, MAINE 04401

FOR DEPOSIT ONLY

Severe 4/1/80

⑆000221⑆ ⑆011202075⑆ 961⑆9824 8⑆

February 4, 1956 ^{52,207-06}₁₁₂

BULL FOR CONGRESS CONTRIBUTIONS

Mr. Frederick D. Barton
127 Neal Street
Portland, ME 04102

\$200.00

Occupation: Consultant

CONTRIBUTION: Check in the amount of \$200.00 dated 1/16/86, No
check number, drawn on Canal Bank - Golden Key Account.

Albert J. Beliveau, Jr.
39 Franklin Street
Rumford, ME 04276

\$600.00

Occupation: Attorney

Contribution: Personal Check in the amount of \$600.00, Ck.
Previous Amount, \$100.00.

Irene L. Belanger
Box 3700
Weeks Mills, ME 04361

300.00

Occupation: Realtor

Contribution: Personal Check in the amount of \$300.00, dated 2/4/86.

Severin M. Beliveau
92 Ganneston Drive
Augusta, ME 04330

\$229.16

Occupation: Attorney
Previous amount: \$750.00

CONTRIBUTION: Interest Payments

Alton E. Cianchette
9 Libby Street
Pittsfield, ME 04967

\$750.00

Occupation: Businessmen

CONTRIBUTION: Check in the amount of \$750.00 dated 1/9/86,
Check No. 1005.

93040930225

William J. Dailey, Jr.
One Bushnell Drive
Lexington, MA 02173

\$1,000.00

Occupation: Attorney

CONTRIBUTION: Check in the amount of \$1,000.00 dated 1/13/86,
Check No. 5591.

Paul R. Dumas, Jr.
82 Congress Street
Rumford, ME 04276

\$1,000.00

Occupation: Attorney

CONTRIBUTION: Check in the amount of \$1,000.00 dated 1/20/86,
Check No. 3516.

J. Gregory Freeman
316 State Street
Presque Isle, ME 04769

\$229.16

Occupation: Businessman - Presque Isle

CONTRIBUTION: Interest Payment.

Katherine Freeman
316 State Street
Presque Isle, ME 04769

\$1,000.00

Occupation: Housewife - Presque Isle

CONTRIBUTION: Check in the amount of \$1,000.00 dated 1/13/86,
Check No. 313.

Edward Gall
111 Ganneston Drive
Augusta, ME 04330

\$1,000.00

Occupation: Bussinessman

Contribution: Personal Check in the amount of \$1,000.00, Ck. # 4431, dat
2/4/86.

Michael J. Gentile
R.R. #2, Box 7960
Jay, ME 04239

\$729.17

Occupation: Attorney - Augusta, Maine

CONTRIBUTION: Check in the amount of \$450.00 dated 1/15/86, Check No. 701. Interest payment \$229.17 and \$50.00 cash.

Mr. Ron Giguere
West, Bath
D/B/A
New England Sales
Ellis Avenue
Augusta, ME 04330

\$1,000.00

Occupation: Food Broker

CONTRIBUTION: Personal Money order in the amount of \$1,000.00, dated 1/9/86 - Personal Money Order Casco Northern Bank, A708713.

Al C. Graceffa
18 Deer Run
Augusta, ME 04330

Occupation: Businessman

Contribution: Personal Check in the amount of \$1,000.00, dated 2/4/86.

Kevin R. Judkins
D/B/A
H & J Associates
42 Bangor Street
Augusta, ME 04330

200.00

Occupation: Realtor

Contribution: Check drawn on H & J Associates account, Ck. # 162, dated 2/5/86.

Floyd L. Harding
Hardings Law Offices
429 Main Street
Presque Isle, ME 04769-0427

100.00

Occupation: Attorney

Check in the amount of \$100.00 dated 1/23/86 check #3929.
Previous amount \$235.00.

Charles P. Harriman
98 Field Road
Falmouth, ME 04105

500.00

Occupation: Businessman

Contribution: Personal Check in the amount of \$500.00, Ck. # 424
dated 2/3/86

Mary J. Herman
15 Potter Street
Brunswick, ME 04011
Tele: 729-3833

200.00

Occupation: Consultant

CONTRIBUTION: Check in the amount of \$200.00 dated 1/21/86 check number
1474.

Robert H. Hird
Longfellow Cove, Rt. 135
Winthrop, ME 04364

\$500.00

Occupation: Businessman

CONTRIBUTION: Personal Check in the amount of \$500.00, dated
1/20/86.

Leland H Hopkins
R.F.D. #1
Readfield, ME 04355

150.00

Occupation: Property Manager

Contribution: Personal Money Order drawn on Merrill Trust
Company account in the amount of \$150.00, dated 2/4/86.

William E. McCarthy
P.O. Box 566
Rumford, ME 04276

692 Prospect Avenue
Rumford, ME 04276

1,000.00

Occupation: Attorney/Retired

CONTRIBUTION: Personal Check in the amount of \$1,000.00, Check
No. 5853, dated 1/13/86.

Glenn H. Manuel
R.F.D. #1
Monticello, ME 04760

\$500.00

Occupation: Potato Farmer

Previous Amount \$500.00

Contribution: Personal Check in the amount of \$500.00, Ck. #
942, dated 1/29/86.

Dolores A. Mesenzeff
181 Brunswick Avenue
Gardiner, ME 04345

\$150.00

Occupation: Businesswoman

Contribution: Personal check in the amount of \$150.00, Ck. #
1871, dated 2/4/86.

Joel Mesznik
60 Broad Street
New York, N.Y. 10004
212-249-6380

800.00

Occupation: Investment Banker

Contribution: Personal Check in the amount of \$800.00, Ck. # 3173, date
1/29/86.

Charles J. Micoleau
One Canal Plaza, 10th Floor
Portland, ME 04112

200.00

Occupation: Attorney

CONTRIBUTION: Personal Check in the amount of \$200.00, dated Jan 20, 1986
Check # 259.

John C. Orestis
465 Main Street
Lewiston, ME 04240
Tele: 784-1371

\$400.00

Occupation: Attorney

Contribution: Personal Check in the amount of \$400.00,
Check # 4618, dated 1/29/86.

Matthew Pooler
CAPRI ATP. 380
Augusta, ME 04330

\$200.00

Occupation: Realtor

Contribution: Personal check in the amount of \$200.00,
Check # 2087, dated 2/3/86.

Mr. Gavin Rutolo
d/b/a/
GAR Properties
P.O. Box 310
Scarborough, ME 04074

1,000.00

Occupation: Businessman

CONTRIBUTION: Check in the amount of \$1,000.00 dated 1/22/86, Check No.
374, written on GAR Properties checking account.

Michele Trainor
Pickeral Cove
West Lebanon, ME 04027

\$1,000.00

Occupation: Developer

Contribution: Personal Check in the amount of \$1,000.00, Ck. #
132, dated 1/11/86.

R. John Wuesthoff
37 Glenwood Avenue
Portland, ME 04103
Tele: 774-1753

500.

Occupation: Attorney

Contribution: Personal Check in the amount of \$500.00, Ck. 605, Dated
1/21/86.

FEDERAL ELECTION COMMISSION
999 E Street, N.W.
Washington, D.C. 20463

RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY

FIRST GENERAL COUNSEL'S REPORT

96 MAR 17 AID: 13

DATE AND TIME OF TRANSMITTAL
BY OGC TO THE COMMISSION _____

MUR # 2112
DATE COMPLAINT RECEIVED
BY OGC December 12, 1985
DATE OF NOTIFICATION TO
RESPONDENTS January 6, 1986
STAFF MEMBER: Robert Raich

SENSITIVE

COMPLAINANT'S NAME: Key Bank of Eastern Maine

RESPONDENTS' NAMES: J. Gregory Freeman
Severin M. Beliveau
Michael J. Gentile
Chipman C. Bull for Congress and
Denise M. Deshane, as treasurer
Chipman C. Bull

RELEVANT STATUTES: 2 U.S.C. §§ 441a(a)(1)(A), 431(8)(A)(i),
431(8)(B)(vii)(I), 432(e)(2), 441a(f),
434(b)(3)(E), 434(a)(2)(B)(i), and
434(a)(2)(B)(ii)
11 C.F.R. § 100.7(b)(11)

INTERNAL REPORTS CHECKED: Index to Disclosure Documents
Statement of Organization
Pre-General Election Report
Post General Election Report
1984 Year-End Report

FEDERAL AGENCIES CHECKED: None

SUMMARY OF ALLEGATIONS

The Key Bank of Eastern Maine alleges in a complaint (Attachment 1) that on November 1, 1984, Chipman C. Bull obtained a loan from the complainant in the amount of \$10,000. Representatives of Chipman C. Bull for Congress ("the Committee") allegedly stated that the money would be used to purchase radio and television time for the Committee. The loan was guaranteed by respondents Freeman, Beliveau, and Gentile, who each purported to guarantee the full \$10,000 debt.

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LEGAL AND FACTUAL ANALYSIS

A. The Guarantors

No person may contribute more than \$1,000 per election to a candidate and his authorized political committees. 2 U.S.C. § 441a(a)(1)(A). The term "contribution" includes loans and anything of value made by any person for the purpose of influencing any election for federal office. 2 U.S.C. § 431(8)(A)(i). A loan from a bank is considered a loan by each guarantor, in the proportion of the unpaid balance that each guarantor bears to the total number of guarantors. 2 U.S.C. § 431(8)(B)(vii)(I).

Because there were three guarantors on this \$10,000 loan, each guarantor is considered to have loaned the Committee \$3,333.33. Each guarantor thereby made an excessive contribution of \$2,333.33.

In their response and supplemental response to the complaint (Attachments 2 and 8), the three guarantors state that at the time they signed the guaranties they believed there were additional guarantors of sufficient number to reduce each guarantor's contribution to \$1,000 or less. The guarantors also state that they have been sued in state court by the complainant to collect on the guaranties. The guarantors say they have refused to pay complainant in order to avoid committing further violations of 2 U.S.C. § 441a(a)(1)(A). However, because a loan guarantee is considered a contribution by the guarantor as long as there is an unpaid balance (See 11 C.F.R. § 100.7(b)(11).), failing to pay the debt does not eliminate the excessive contribution.

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Respondent Severin M. Beliveau states (at Attachment 2, p. 10, ¶ 3) he "agreed" with the candidate that no money would be released until at least 11 guarantors were obtained. Beliveau states that at the time he signed the guaranty, he had already contributed \$750 to the Committee.* Thus, even if the candidate had abided by the agreement with Beliveau, he would have contributed an additional \$909.09 by signing the guaranty, and he would have made an excessive contribution.

Respondent Michael J. Gentile contributed \$50 to the Committee before signing the guaranty, and \$450 after signing the guaranty. (See Attachment 2, p. 15, and Attachment 8, p. 9.)

The guarantors admit (at Attachment 2, pps. 11 and 16, and Attachment 8, p. 3) that in addition to the guaranties they signed, they have paid a total of \$687.50 (i.e., \$229.17 each) to the bank for interest.

Thus, J. Gregory Freeman contributed \$3,562.50 (\$3,333.33 loan guaranty plus \$229.17 interest payments) to the Committee, resulting in an excessive contribution of \$2,562.50. Severin M. Beliveau contributed \$4,312.50 (\$3,333.33 loan guaranty plus \$229.17 interest payments plus \$750 direct contributions) to the Committee, resulting in an excessive contribution of \$3,312.50. Michael J. Gentile contributed \$4,062.50 (\$3,333.33 loan guaranty plus \$229.17 interest payments plus \$500 direct contributions) to the Committee, resulting in an excessive contribution of \$3,062.50.

* This concurs with the Committee's reports filed with the Commission.

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On February 4, 1986 the Committee repaid the loan to the complainant. (See Attachment 8, p. 5.) However, the three guarantors gave the Committee excessive contributions from November 1, 1984 until February 4, 1986. Consequently, this Office recommends that the Commission find reason to believe J. Gregory Freeman, Severin M. Beliveau, and Michael J. Gentile violated 2 U.S.C. § 441a(a)(1)(A).

1. Discussion of Conciliation

B. The Committee and the Candidate

Though the complaint only names the three guarantors as respondents, this Office notes the Committee and the candidate also appear to have violated the Federal Election Campaign Act of 1971, as amended.

Any candidate who receives any loan for use in connection with his campaign shall be considered as having received the loan as an agent of his authorized committee. 2 U.S.C. § 432(e)(2).

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No candidate or political committee may knowingly accept any excessive contribution. 2 U.S.C. § 441a(f).

Chipman C. Bull and the Committee had knowledge of the fact that there were only three guarantors for the loan from the complainant, yet Bull and the Committee accepted that loan. Consequently, this Office recommends that the Commission find reason to believe Chipman C. Bull for Congress and Denise M. Deshane, as treasurer, violated 2 U.S.C. § 441a(f). Because of his personal involvement with the loan transaction, this Office also recommends that the Commission find reason to believe Chipman C. Bull violated 2 U.S.C. § 441a(f).

This Office also notes that the Committee failed to identify the guarantors in reports filed with the Commission. Each report must disclose the identification of each person who makes a loan to the reporting committee, together with the identification of any endorser or guarantor of such loan. 2 U.S.C. § 434(b)(3)(E). In its Post-General Election Report, and again in its 1984 Year-End Report, the Committee listed the \$10,000 loan from the complainant, and listed the candidate as an "Endorser or Guarantor," but failed to mention respondents Freeman, Beliveau, or Gentile. (See Attachment 3 and Attachment 4). Accordingly, this Office recommends that the Commission find reason to believe Chipman C. Bull for Congress and Denise M. Deshane, as treasurer, violated 2 U.S.C. § 434(b)(3)(E).

In addition, this Office notes that the Committee has failed to file a 1985 Mid-Year Report and a 1985 Year-End Report. The

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principal campaign committee of a candidate for the House of Representatives must file a report covering the period beginning January 1 and ending June 30 in the calendar year following a regularly scheduled election. 2 U.S.C. § 434(a)(2)(B)(i). Such a committee must also file a report covering the period beginning July 1 and ending December 31 in the calendar year following a regularly scheduled election. 2 U.S.C. § 434(a)(2)(B)(ii). Accordingly, this Office recommends that the Commission find reason to believe Chipman C. Bull for Congress and Denise M. Deshane, as treasurer, violated 2 U.S.C. § 434(a)(2)(B)(i) and 2 U.S.C. § 434(a)(1)(B)(ii).

RECOMMENDATIONS

1. Find reason to believe J. Gregory Freeman, Severin M. Beliveau, and Michael J. Gentile violated 2 U.S.C. § 441a(a)(1)(A).
2. Find reason to believe Chipman C. Bull for Congress and Denise M. Deshane, as treasurer, violated 2 U.S.C. §§ 441a(f), 434(b)(3)(E), 434(a)(2)(B)(i), 434(a)(2)(B)(ii).
3. Find reason to believe Chipman C. Bull violated 2 U.S.C. § 441a(f).
4. Enter into conciliation prior to a finding of probable cause with J. Gregory Freeman, Severin M. Beliveau, and Michael J. Gentile.
5. Approve and send the attached letter, with proposed conciliation agreements to counsel for J. Gregory Freeman, Severin M. Beliveau, and Michael J. Gentile.
6. Approve and send the attached letter, with the General Counsel's Factual and Legal Analysis, to Chipman C. Bull for Congress and Denise M. Deshane, as treasurer.

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7. Approve and send the attached letter, with the General Counsel's Factual and Legal Analysis, to Chipman C. Bull.

Charles N. Steele
General Counsel

March 13, 1986
Date

BY:

Kenneth A. Gross
Kenneth A. Gross
Associate General Counsel

Attachments

1. Complaint
2. Response to Complaint
3. Page from the Committee's 1984 Post-General Election Report
4. Page from the Committee's 1984 Year-End Report
5. Letter, with proposed conciliation agreements, to Curtis Moffatt, Esq.
6. Letter, with Factual and Legal Analysis, to Chipman C. Bull for Congress and Denise M. Deshane, as treasurer
7. Letter, with Factual and Legal Analysis, to Chipman C. Bull
8. Supplemental Response from respondents

93040930237

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

J. Gregory Freeman)

Severin M. Beliveau)

Michael J. Gentile)

Chipman C. Bull for Congress and)

Denise M. Deshane, as treasurer)

Chipman C. Bull)

MUR 2112

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on March 19, 1986, the Commission decided by a vote of 5-0 to take the following actions in MUR 2112:

1. Find reason to believe J. Gregory Freeman, Severin M. Beliveau, and Michael J. Gentile violated 2 U.S.C. § 441a(a)(1)(A).
2. Find reason to believe Chipman C. Bull for Congress and Denise M. Deshane, as treasurer, violated 2 U.S.C. §§ 441a(f), 434(b)(3)(E), 434(a)(2)(B)(i), 434(a)(2)(B)(ii).
3. Find reason to believe Chipman C. Bull violated 2 U.S.C. § 441a(f).
4. Enter into conciliation prior to a finding of probable cause with J. Gregory Freeman, Severin M. Beliveau, and Michael J. Gentile, as recommended in the General Counsel's Report signed March 13, 1986.
5. Approve and send the letter, with proposed conciliation agreements to counsel for J. Gregory Freeman, Severin M. Beliveau, and Michael J. Gentile, as recommended in the General Counsel's Report signed March 13, 1986.

(continued)

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6. Approve and send the letter, with the General Counsel's Factual and Legal Analysis, to Chipman C. Bull for Congress and Denise M. Deshane, as treasurer, as recommended in the General Counsel's Report signed March 13, 1986.
7. Approve and send the letter, with the General Counsel's Factual and Legal Analysis, to Chipman C. Bull, as recommended in the General Counsel's Report signed March 13, 1986.

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

Attest:

3-19-86

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

Received in Office of Commission Secretary: Mon., 3-17-86, 10:13
Circulated on 48 hour tally basis: Mon., 3-17-86, 4:00
Deadline for vote: Wed., 3-19-86, 4:00

93040930239



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

March 25, 1986

Mr. Chipman C. Bull
193 Broad Street
Banger, Maine 04401

RE: MUR 2112
Chipman C. Bull

Dear Mr. Bull:

The Federal Election Commission has received a complaint alleging violations of the Federal Election Campaign Act of 1971, as amended ("the Act") by individuals who guaranteed a loan to you.

On March 19, 1986, the Federal Election Commission determined that there is reason to believe you violated 2 U.S.C. § 441a(f), a provision of 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. You may submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Please submit such materials 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, 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 the 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 the General Counsel may recommend that

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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 will not be entertained after briefs on probable cause have been mailed to the respondent.

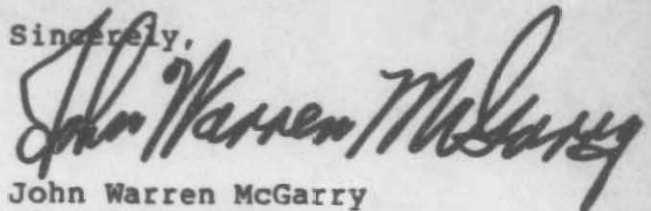
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of General Counsel is not authorized to give extensions beyond 20 days.

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 Robert Raich, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,



John Warren McGarry
Vice Chairman

Enclosures

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

93040930241



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

March 25, 1986

Denise M. Deshane, Treasurer
Chipman C. Bull for Congress
193 Broad Street
Bangor, Maine 04401

Re: MUR 2112
Chipman C. Bull for Congress
and Denise M. Deshane,
as treasurer

Dear Ms. Deshane:

The Federal Election Commission has received a complaint alleging violations of the Federal Election Campaign Act of 1971, as amended ("the Act") by individuals who guaranteed a loan to Chipman C. Bull for Congress.

On March 19, 1986, the Federal Election Commission determined that there is reason to believe Chipman C. Bull for Congress and you, as treasurer, violated 2 U.S.C. §§ 441a(f), 434(b)(3)(E), 434(a)(2)(B)(i), and 434(a)(2)(B)(ii), provisions of the Act. The General Counsel's Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you and the Committee. You may submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Please submit such materials 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 the 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 the General Counsel may recommend that

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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 will not be entertained after briefs on probable cause have been mailed to the respondent.

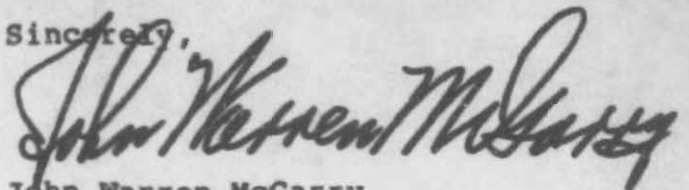
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of General Counsel is not authorized to give extensions beyond 20 days.

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 Robert Raich, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,



John Warren McGarry
Vice Chairman

Enclosures

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

93040930243



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 25, 1986

J. Curtis Moffatt, Esquire
Gardner, Carton & Douglas
1875 Eye Street, N.W.
Suite 1050
Washington, D.C. 20006

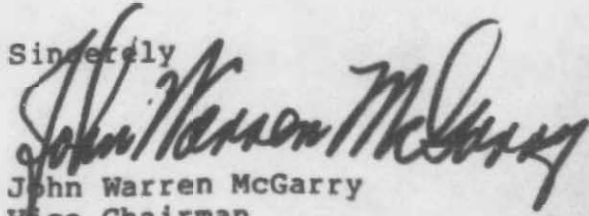
Re: MUR 2112
J. Gregory Freeman
Severin M. Beliveau
Michael J. Gentile

Dear Mr. Moffatt:

On March 19, 1986, the Commission found reason to believe that your clients violated 2 U.S.C. § 441a(a)(1)(A). Also on that date, and at your request, the Commission determined 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 are conciliation agreements that the Commission has approved in settlement of this matter. If your clients agree with the provisions of the enclosed agreements, please sign and return them, along with the civil penalties, 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 agreements, or if you wish to arrange a meeting in connection with mutually satisfactory conciliation agreements, please contact Robert Raich, the attorney assigned to this matter, at (202) 376-8200.

Sincerely


John Warren McGarry
Vice Chairman

Enclosures
Conciliation Agreements

93040930244

Chip Bull for U.S. Congress

207-947-5240

RECEIVED AT THE FEC
GCC#227
APR 10 9:27
MUR 2112

April 10, 1986

Office of the General Counsel
Ms. Joan Aikens, Chairman
Federal Election Commission
1325 K Street, NW
Washington, D. C. 20463

Attn: Robert Raich

Dear Ms. Aikens:

This letter is in response to your letter received by me on Monday, April 7, 1986 regarding alledged violations in reporting procedures by me as campaign Treasurer.

I would like to say that I did not knowingly accept an excessive contribution(s) from Mr. Beliveau, Mr. Freeman and Mr. Gentile. It was not my intent to deceive the Commission. I would like to state that I had no prior knowledge of their guaranty of the loan. Paperwork that I received from the bank only listed Mr. Bull as guarantor of the loan, and conversations with Mr. Bull confirmed this fact.

I have filed admended statements with the Federal Election Commission correcting this mistake.

I would like to request a Pre Probable Cause Conciliation, on the basis that I did not intentionally set out to violate the rules and regulations of the Federal Election Commission. It was a case of my not being informed as to the fact that Mr. Beliveau, Mr. Freeman and Mr. Gentile were the guarantors of the loan and for all intent purposes it was my true belief that the forms that I filed were true and accurate. As I stated above I have filed corrected forms with the Federal Election Commission.

I will await your decision.

Thank you.

Sincerely,

Denise M. Deshane

Denise M. Deshane, Treasurer
Chipman C. Bull for Congress Committee

36 APR 15 AIO: 05

RECEIVED
GENERAL COUNSEL

Grip Bull for U.S. Congress

207-947-5240

RECEIVED AT THE FEC

CCC# 364

86 APR 30

A/Q: 54

April 28, 1986

Mr. Robert Raich
Office of the General Counsel
Federal Election Commission
1325 K Street, NW
Washington, D. C. 20463

Dear Mr. Raich:

Re: Payoff of loan owed by the Committee in the amount
of \$10,000.00

The loan owed by the Committee was paid in full on February
5, 1986. Enclosed is a statement from the bank stating that fact.

This was made possible because of a fund raiser in which we
received individual contributions from persons to help us retire
this debt.

I am also enclosing a copy of the amended report for the year
ending December 31, 1985.

Please contact me if you have any questions.

Sincerely,

Denise M. Deshane

Denise M. Deshane

86 APR 30 P2:17

RECEIVED
OFFICE OF THE
GENERAL COUNSEL

REPORT OF RECEIPTS AND DISBURSEMENTS
For an Authorized Committee

(Summary Page)

1. Name of Committee (In Full) Chipman C. Bull for Congress	2. FEC Identification Number C00183863
Address (Number and Street) C/O Dunn & Assoc., 43 Columbia Street	3. Is this Report an Amendment? ☒ YES ☐ NO
City, State and ZIP Code ☒ Check if address is different than previously reported. Bangor, ME 04401	

4. **TYPE OF REPORT**

☐ April 15 Quarterly Report	☐ Twelfth day report preceding _____ (Type of Election)
☐ July 15 Quarterly Report	election on _____ in the State of _____
☐ October 15 Quarterly Report	☐ Thirtieth day report following the General Election
☒ January 31 Year End Report	on _____ in the State of _____
☐ July 31 Mid Year Report (Non-election Year Only)	☐ Termination Report

This report contains activity for — ☐ Primary Election ☒ General Election ☐ Special Election ☐ Runoff Election

SUMMARY		Column A This Period	Column B Calendar Year-to-Date
5. Covering Period	<u>Jan. 31, 85</u> Through <u>Dec. 31, 1985</u>		
6. Net Contributions (other than loans):			
(a) Total Contributions (other than loans) (from Line 11e)	\$ -0-	\$ 1,514.09	
(b) Total Contribution Refunds (from Line 20d)	\$ -0-	\$ -0-	
(c) Net Contributions (other than loans) (Subtract Line 6b from 6a)	\$ -0-	\$ -0-	
7. Net Operating Expenditures:			
(a) Total Operating Expenditures (from Line 17)	\$ -0-	\$ -0-	
(b) Total Offsets to Operating Expenditures (from Line 14)	\$ -0-	\$ -0-	
(c) Net Operating Expenditures (Subtract Line 7b from 7a)	\$ -0-	\$ -0-	
8. Cash on Hand at Close of Reporting Period (from Line 27)	\$ 23.56		
9. Debts and Obligations Owed TO the Committee (Itemize all on Schedule C or Schedule D)	\$ -0-		
10. Debts and Obligations Owed BY the Committee (Itemize all on Schedule C or Schedule D)	\$ 19,514.09		

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

For further information, contact:

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

Denise M. Deshane

Type or Print Name of Treasurer

SIGNATURE OF TREASURER _____

Date _____

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

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

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FEC FORM 3 (3/80)

93040930247

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

Name of Committee (in Full) Chipman C. Bull for Congress		Report Covering the Period: From: 1/31/85 To: 12/31/85	
		COLUMN A Total This Period	COLUMN B Calendar Year-to-Date
I. RECEIPTS			
11. CONTRIBUTIONS (other than loans) FROM:			
(a) Individuals/Persons Other Than Political Committees	.....	-0-	-0-
(Memo Entry Unitemized \$			
(b) Political Party Committees	.....	-0-	-0-
(c) Other Political Committees	.....	-0-	\$ 1,514.09
(d) The Candidate	.....	-0-	-0-
(e) TOTAL CONTRIBUTIONS (other than loans (add 11(a), 11(b), 11(c) and 11(d)).	.....	-0-	\$ 1,514.09
12. TRANSFERS FROM OTHER AUTHORIZED COMMITTEES		-0-	-0-
13. LOANS			
(a) Made or Guaranteed by the Candidate	.....	-0-	\$ 8,000.00
(b) All Other Loans	.....	-0-	\$10,000.00
(c) TOTAL LOANS (add 13 (a) and 13 (b)).	.....	-0-	\$18,000.00
14. OFFSETS TO OPERATING EXPENDITURES (Refunds, Rebates, etc.)		-0-	-0-
15. OTHER RECEIPTS (Dividends, Interest, etc.)		-0-	-0-
16. TOTAL RECEIPTS (add 11 (e), 12, 13 (c), 14 and 15)		-0-	\$19,514.09
II. DISBURSEMENTS			
17. OPERATING EXPENDITURES		-0-	-0-
18. TRANSFERS TO OTHER AUTHORIZED COMMITTEES		-0-	-0-
19. LOAN REPAYMENTS:			
(a) Of Loans Made or Guaranteed by the Candidate	.....	-0-	-0-
(b) Of All Other Loans	.....	-0-	-0-
(c) TOTAL LOAN REPAYMENTS (add 19 (a) and 19 (b)).	.....	-0-	-0-
20. REFUNDS OF CONTRIBUTIONS TO:			
(a) Individuals/Persons Other Than Political Committees	.....	-0-	-0-
(b) Political Party Committees	.....	-0-	-0-
(c) Other Political Committees	.....	-0-	-0-
(d) TOTAL CONTRIBUTION REFUNDS (add 20 (a), 20 (b), and 20 (c))	.....	-0-	-0-
21. OTHER DISBURSEMENTS		-0-	-0-
22. TOTAL DISBURSEMENTS (add 17, 18, 19 (c), 20 (d) and 21)		-0-	-0-
III. CASH SUMMARY			
23. CASH ON HAND AT BEGINNING OF REPORTING PERIOD		\$ 23.56	
24. TOTAL RECEIPTS THIS PERIOD (From Line 16)		-0-	
25. SUBTOTAL (Add Line 23 and Line 24)		\$ 23.56	
26. TOTAL DISBURSEMENTS THIS PERIOD (From Line 22)		-0-	
27. CASH ON HAND AT CLOSE OF THE REPORTING PERIOD (Subtract Line 26 from 25) \$		23.56	

93040930248

LOANS Loans owned by the Committee

File separately for each numbered line

Name of Committee (in Full) Chipman C. Bull for Congress			
A. Full Name, Mailing Address and ZIP Code of Loan Source Chipman C. Bull 193 Broad Street Bangor, ME 04401		Original Amount of Loan \$8,000.00	Cumulative Payments To Date -0-
Election: ☐ Primary ☒ General ☐ Other (specify):		Balance Outstanding at Close of This Period \$8,000.00	
Terms: Date Incurred 8-15-84 Date Due N/A Interest Rate N/A % (apr)		☐ Secured	
List All Endorsers or Guarantors (if any) to Item A			
1. Full Name, Mailing Address and ZIP Code		Name of Employer	
		Occupation	
		Amount Guaranteed Outstanding: \$	
2. Full Name, Mailing Address and ZIP Code		Name of Employer	
		Occupation	
		Amount Guaranteed Outstanding: \$	
3. Full Name, Mailing Address and ZIP Code		Name of Employer	
		Occupation	
		Amount Guaranteed Outstanding: \$	
B. Full Name, Mailing Address and ZIP Code of Loan Source		Original Amount of Loan	Cumulative Payments To Date
Election: ☐ Primary ☐ General ☐ Other (specify):		Balance Outstanding at Close of This Period	
Terms: Date Incurred _____ Date Due _____ Interest Rate _____ % (apr)		☐ Secured	
List All Endorsers or Guarantors (if any) to Item B			
		Name of Employer	
		Occupation	
		Amount Guaranteed Outstanding: \$	
2. Full Name, Mailing Address and ZIP Code		Name of Employer	
		Occupation	
		Amount Guaranteed Outstanding: \$	
3. Full Name, Mailing Address and ZIP Code		Name of Employer	
		Occupation	
		Amount Guaranteed Outstanding: \$	
SUBTOTALS This Period This Page (optional)			\$ 8,000.00
TOTALS This Period (last page in this line only)			
Carry outstanding balance only to LINE 3, Schedule D, for this line. If no Schedule D, carry forward to appropriate line of Summary.			

93040930249

LOANS
(Loans owed by the Committee)

Name of Committee (in Full)

Chipman C. Bull for Congress

A. Full Name, Mailing Address and ZIP Code of Loan Source

Key Bank of Eastern Maine
77 Exchange Street
Bangor, ME 04401

Original Amount
of Loan

\$10,000.00

Cumulative Payment
To Date

--0--

Balance Outstanding at
Close of This Period

\$10,000.00

Election: ☐ Primary ☒ General ☐ Other (specify)

Terms: Date Incurred 11/1/84 Date Due 1/31/85 Interest Rate 15 % (apr)

☒ Secured

List All Endorsers or Guarantors (if any) to Item A

1. Full Name, Mailing Address and ZIP Code

Chipman C. Bull
193 Broad Street
Bangor, ME 04401

Name of Employer

Self-Employ.

Occupation

Consultant

10,000.00

Severin M. Beliveau
92 Ganneston Drive
Augusta, ME 04330

Self-Employ.

Occupation

Attorney

Amount Guaranteed Outstanding
\$ 3,333.33

3. Full Name, Mailing Address and ZIP Code

J. Gregory Freeman
316 State Street
Presque Isle, ME 04769

Name of Employer

Self-Employ.

Occupation

Businessman

3,333.33

B. Full Name, Mailing Address and ZIP Code of Loan Source

Original Amount
of Loan

Cumulative Payment
To Date

Balance Outstanding at
Close of This Period

Election: ☐ Primary ☐ General ☐ Other (specify)

Terms: Date Incurred _____ Date Due _____ Interest Rate _____ % (apr)

☐ Secured

4.

Michael Gentile
R. R. #2, Box 7960
Jay, ME 04239

Self-Employ.

Occupation

Attorney

Amount Guaranteed Outstanding
\$ 3,333.33

5. Full Name, Mailing Address and ZIP Code

Name of Employer

Occupation

Amount Guaranteed Outstanding
\$

SUBTOTALS This Period To: Payable

10,000.00

TOTALS To: Payable

18,000.00

Carry outstanding balance only to LINE 3, Schedule D, for this line. If no Schedule D, carry forward to appropriate line of Summary.

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SCHEDULE D
(Revised 3/80)

DEBTS AND OBLIGATIONS
Excluding Loans

LINE NUMBER 11C
(Use separate schedules
for each numbered line)

Name of Committee (in Full)	Outstanding Balance Beginning This Period	Amount Incurred This Period	Payment This Period	Outstanding Balance at Close of This Period
<u>Chipman C. Bull for Congress</u>				
A. Full Name, Mailing Address and Zip Code of Debtor or Creditor <u>Northeast Farm PAC</u> <u>Rt. 1, Box 82</u> <u>Eden, MD</u>	\$1,514.09	-0-	-0-	\$1,514.09
Nature of Debt (Purpose): <u>Overpayment of Contribution</u>				
B. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
C. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
D. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
E. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
F. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
1) SUBTOTALS This Period This Page (optional)				
2) TOTAL This Period (last page this line only)				\$1,514.09
3) TOTAL OUTSTANDING LOANS from Schedule C (last page only)				\$18,000.00
4) ADD 2) and 3) and carry forward to appropriate line of Summary Page (last page only)				

93040930251



Key Bank of
Eastern Maine

77 EXCHANGE STREET/P.O. BOX 4000/BANGOR, MAINE 04401/(207) 945-5611

March 31, 1986

TO WHOM IT MAY CONCERN:

Please be advised that Time Unsecured Note Number #22351 in the name of Chipman Bull was paid in full on February 5, 1986.

Principal Paid	\$10,000.00
Interest Paid	\$ 1,233.33

Very truly yours,


Lewis H. Payne
Vice President

LHP:pls



BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Chipman C. Bull for Congress)
and Denise M. Deshane, as)
treasurer)

MUR 2112

SENSITIVE

GENERAL COUNSEL'S REPORT

Background

On March 19, 1986, the Commission found reason to believe that Chipman C. Bull for Congress (the "Committee") and Denise M. Deshane, as treasurer, violated 2 U.S.C. §§ 441a(f) (by knowingly accepting excessive contributions in the form of three loan guaranties), 434(b)(3)(E) (by failing to report the identification of the three guarantors of a loan), 434(a)(2)(B)(i) (by failing to file their 1985 Mid-Year Report), and 434(a)(2)(B)(ii) (by failing to file their 1985 Year-End Report).

In a letter to the Commission (Attachment 1, p. 1), the Committee's treasurer does not contest the section 434(a) findings. With respect to the section 434(b) and 441a findings, treasurer states that she had no knowledge the three guarantors had guaranteed the loan. She states that the information she obtained from the bank and the candidate indicated that the candidate was the only person liable for the debt.

The bank extended the loan directly to the candidate. This Office believes that the candidate was aware of the existence and number of loan guarantors. When the candidate received the loan, he did so as an agent of the Committee. 2 U.S.C.

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§ 432(e)(2). Consequently, the Committee had constructive knowledge of the loan guarantors. Accordingly, despite the treasurer's lack of personal knowledge, the Committee violated 2 U.S.C. §§ 441a(f) and 434(b)(3)(E) by accepting and failing to report the loan guarantees.

The Committee and Denise M. Deshane, as treasurer, requested conciliation prior to a finding of probable cause to believe. (Attachment 1, p. 1) This Office recommends that the Commission enter into such conciliation at this time.

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Recommendations

1. Enter into conciliation with Chipman C. Bull for Congress and Denise M. Deshane, as treasurer, prior to a finding of probable cause to believe.
2. Approve the attached conciliation agreement.

3. Approve and send the attached letter.

Charles N. Steele
General Counsel

June 9, 1986
Date

BY: Lawrence M. Noble
Deputy General Counsel

Attachments

1. Letters from Denise M. Deshane
2. Proposed conciliation agreement
3. Letter

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE, GENERAL COUNSEL
FROM: MARJORIE W. EMMONS/ CHERYL A. FLEMING *CM*
DATE: JUNE 11, 1986
SUBJECT: OBJECTION TO MUR 2112 - GENERAL COUNSEL'S REPORT
SIGNED JUNE 9, 1986

The above-named document was circulated to the
Commission on Tuesday, June 10, 1986 at 4:00 P.M.

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

Commissioner Aikens	_____
Commissioner Elliott	_____ <u>x</u> _____
Commissioner Harris	_____ <u>X</u> (comment) _____
Commissioner Josefiak	_____
Commissioner McDonald	_____
Commissioner McGarry	_____

This matter will be placed on the Executive Session
agenda for Tuesday, June 17, 1986.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Chipman C. Bull for Congress) MUR 2112
and Denise M. Deshane, as)
treasurer)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of June 17, 1986, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 2112:

1. Enter into conciliation with Chipman C. Bull for Congress and Denise M. Deshane, as treasurer, prior to a finding of probable cause to believe.
- 2.
3. Approve and send the letter attached to the General Counsel's report dated June 9, 1986.

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

Attest:

6-18-86

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 24, 1986

Denise M. Deshane, Treasurer
Chipman C. Bull for Congress
c/o Dunn and Associates
43 Columbia Street
Bangor, Maine 04401

Re: MUR 2112
Chipman C. Bull for
Congress and Denise
M. Deshane, as
treasurer

Dear Ms. Deshane:

On March 19, 1986, the Commission found reason to believe that Chipman C. Bull for Congress and you, as treasurer, violated 2 U.S.C. §§ 441a(f), 434(b)(3)(E), 434(a)(2)(B)(i), and 434(a)(2)(B)(ii).

At your request, the Commission determined on June 17, 1986, to enter into negotiations directed toward 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

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- 2 -

a mutually satisfactory conciliation agreement, please contact Robert Raich, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Charles N. Steele
General Counsel


By: Lawrence M. Noble
Deputy General Counsel

Enclosure
Conciliation Agreement

93040930260

BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED
OFFICE OF THE SECRETARY
JUN 26 1986

In the Matter of)
J. Gregory Freeman)
Severin M. Beliveau)
Michael J. Gentile)
Chipman C. Bull for Congress)
and Denise M. Deshane, as)
treasurer)
Chipman C. Bull)

MUR 2112

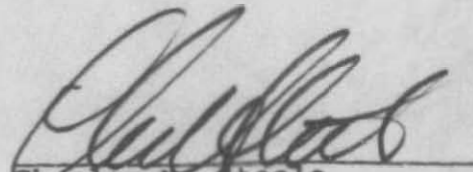
26 JUN 26 AIO : 49

SENSITIVE

GENERAL COUNSEL'S REPORT

The Office of General Counsel is prepared to close the investigation in this matter as to Chipman C. Bull, based on the assessment of the information presently available.

25 June 1986
Date


Charles N. Steele
General Counsel

93040930261



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

OG e Report

SENSITIVE

RECEIVED
OFFICE OF THE SECRETARY
FEDERAL ELECTION COMMISSION

06 JUL 14 A10:37

July 14, 1986

MEMORANDUM

TO: The Commission

FROM: Charles N. Steele *CNS*
General Counsel *1/2*

SUBJECT: MUR 2112

Attached for the Commission's review is a brief stating the position of the General Counsel on the legal and factual issues of the above-captioned matter. A copy of this brief and a letter notifying the respondent of the General Counsel's intent to recommend to the Commission a finding of probable cause to believe was mailed on July 14, 1986. Following receipt of the Respondent's reply to this notice, this Office will make a further report to the Commission.

Attachments

1. Brief
2. Letter to Respondent

93040930262

1985



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

July 14, 1986

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Chipman C. Bull
c/o Dunn and Associates
43 Columbia Street
Bangor, Maine 04401

RE: MUR 2112
Chipman C. Bull

Dear Mr. Bull:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on March 19, 1986, found reason to believe that you violated 2 U.S.C. § 441a(f), a provision of the Federal Election Campaign Act of 1971, as amended (the "Act"), and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation of 2 U.S.C. § 441a(f) occurred. The Commission may or may not approve the General Counsel's recommendation.

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 client's 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 submit will be considered by the Commission before proceeding to a vote on whether there is probable cause to believe a violation occurred.

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Should you have any questions, please contact Robert Raich,
the attorney assigned to handle this matter, at (202) 376-8200.

Sincerely,

Charles N. Steele
Charles N. Steele
General Counsel

Enclosure
Brief

93040930264

II. Legal Analysis

On November 1, 1984, the Key Bank of Eastern Maine loaned Mr. Bull \$10,000 for use in his congressional campaign. Three individuals guaranteed that loan: Severin M. Beliveau, Michael J. Gentile, and J. Gregory Freeman.*/ A bank loan is considered a loan by each guarantor, in the proportion of the unpaid balance that each guarantor bears to the total number of guarantors.

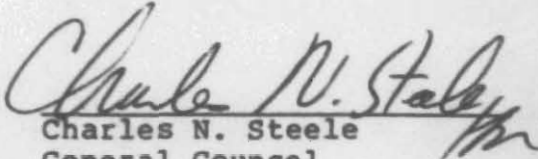
2 U.S.C. § 431(8)(B)(vii)(I). Mr. Bull thereby accepted a \$3,333.33 contribution from each of the three guarantors. The three guarantors also paid a total of \$687.50 for interest on the loan. Consequently, Mr. Bull accepted contributions totaling \$3,562.50 from each guarantor. No individual may contribute more than \$1,000 per election to a candidate for federal office and his authorized committees. 2 U.S.C. § 441a(a)(1)(A). As a result of the loan guarantees and interest payments, Mr. Bull knowingly accepted excessive contributions, in violation of 2 U.S.C. § 441a(f).

III. General Counsel's Recommendation

Find probable cause to believe that Chipman C. Bull violated 2 U.S.C. § 441a(f).

Date

7/10/86


Charles N. Steele
General Counsel

*/ Messrs. Beliveau and Gentile also made direct contributions of \$750 and \$500, respectively.

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This is the second mailing of this material which the enclosed copy of the Postal Service Return Proof was received by FEC at 3:08 p.m. April 28, 1986.
Chipman C. Bull
7-29-86

RECEIVED
OFFICE OF THE
GENERAL COUNSEL

CC#109D

36 JUL 31 P5:02

Chipman C. Bull
RFD 5, Box 302
Ellsworth, Maine 04605

April 23, 1986

36 JUL 31 P4:16

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

RE: MUR 2112

Dear Mr. McGarry:

At the outset I would like to note for the record that neither Denise Deshane, Treasurer of my campaign committee, nor I are professionals in campaigning for national office. This was our first - and no doubt; last - effort in this regard. My campaign was a very low-budget affair and funds were just not available for the kind of legal advice that now seems an absolute necessity - more important than issues, more important than the election, indeed, more important than the candidate.

It seems more than a little ironic that laws intended to prevent election fraud, the buying of votes, the selling of influence for huge campaign contributions, in this case only serve to further injure private citizens who volunteer their time and modest treasure to the furtherance of democratic principles and ideals.

Denise Deshane is a housewife and a secretary in a Real Estate firm, not an accountant or an attorney. I am a small country store owner, formerly an employee of the Federal Government, who spent my retirement fund contributions in pursuit of a dream that has turned out to be a nightmare.

On or about November 1, 1984, Gordon Dunn a member of my campaign staff, advised me that my note in the amount of \$10,000 was ready for signing at the Key Bank in Bangor, Maine. The funds were to be used for a last-minute media advertising scheduled the week-end before the election on November 6, 1984.

Mr. Dunn and I went to the Key Bank where I signed a 90-day note in the presence of a bank officer whose name I do not recall. Neither before that signing nor during was there any mention by the bank of guarantors, securities, or co-signers. No other name or names were on the document which I signed. As far as I was concerned the Key Bank was lending me, personally, \$10,000 for use in my fast-closing campaign for U. S. House of Representatives.

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The signing took approximately 30 seconds and I departed the premises with a receipt for a deposit to my campaign committee's account, also at the Key Bank, in the amount of \$10,000. I lost the election.

In January, 1985 Key Bank demanded payment, which, being indigent, I could not make. Interest was paid through the good graces of my friend Severin Beliveau, an Augusta, Maine attorney and the note was renewed.

On or about February 4, 1986 the \$10,000 note, plus interest and attorney's fees through February 7, 1986 were paid to Key Bank by my Committee with funds contributed by twenty-nine individuals (list enclosed).

At no time was I aware of the Key Bank requirement or number of guarantors. As stated earlier, I considered the note a \$10,000 personal loan to me, which I then contributed to my campaign. It appears, in retrospect, that if the Key Bank did in fact, require co-signers and if in fact there were only three then the bank (1) should have made that known to me, and (2) should not have made the loan.

Please consider this as a request for pre-probable cause concillation.

Sincerely,

Chipman C. Bull

Chipman C. Bull, being first duly sworn on oath says the foregoing is a true statement of the facts in the above matter.

Chipman C. Bull

Subscribed and Sworn to before me this 23rd day of April, 1986.

My Commission Expires

93040930269

PS Form 3811, July 1983 447-845

DOMESTIC RETURN RECEIPT

SENDER: Complete items 1, 2. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. <u>The return receipt fee will provide you the name of the person delivered to and the date of delivery.</u> For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.	
1. ☐ Show to whom, date and address of delivery. 2. ☐ Restricted Delivery.	
3. Article Addressed to: JOHN WARREN MCGARRY FEDERAL ELECTION COMMISSION WASHINGTON, D.C. 20463	
4. Type of Service: ☒ Registered ☐ Certified ☐ Express Mail	Article Number P 694 275 297
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature - Addressee X	
6. Signature - Agent X	
7. Date of Delivery 00 JUN 00	
8. Addressee's Address (ONLY if requested and fee paid) RECEIVED AT THE FEC	

P 694 275 297

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

* U.S.G.P.O. 1983-403-517

PS Form 3800, Feb. 1982

Sent to JOHN WARREN MCGARRY	
Street and No. FEDERAL ELECTION COMMISSION	
P.O., State and ZIP Code WASHINGTON, DC 20463	
Postage	\$ 56
Certified Fee	75
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	70
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$201
Postmark of Date JUN 00 1986	

9 3 0 4 0 9 3 0 2 7 0

**UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS**

SENDER INSTRUCTIONS
Print your name, address, and ZIP Code in the space below.
• Complete items 1, 2, 3, and 4 on the reverse.
• Attach to front of article if space permits.
• Endorse article "Return Receipt Requested" adjacent to number.

**RETURN
TO**

CHIPMAN C. BULL

(Name of Sender)

220 S BOX 302

(No. and Street, Apt., Suite, P.O. Box or R.D. No.)

ELWORTH, ME. 04603

(City, State, and ZIP Code)



QUALITY FOR PRIVATE
USE. 25c

**STICK POSTAGE STAMPS TO ARTICLE TO COVER FIRST CLASS POSTAGE.
CERTIFIED MAIL FEE AND CHARGES FOR ANY SELECTED OPTIONAL SERVICES. (see front)**

1. If you want this receipt postmarked, stick the gummed stub on the left portion of the address side of the article leaving the receipt attached and present the article at a post office service window or hand it to your rural carrier. (no extra charge)
2. If you do not want this receipt postmarked, stick the gummed stub on the left portion of the address side of the article, date, detach and retain the receipt, and mail the article.
3. If you want a return receipt, write the certified mail number and your name and address on a return receipt card, Form 3811, and attach it to the front of the article by means of the gummed ends if space permits. Otherwise, attach to back of article. Endorse front of article **RETURN RECEIPT REQUESTED** adjacent to the number.
4. If you want delivery restricted to the addressee, or to an authorized agent of the addressee, endorse **RESTRICTED DELIVERY** on the front of the article.
5. Enter fees for the services requested in the appropriate spaces on the front of this receipt. If return receipt is requested, check the applicable boxes in item 1 of Form 3811.
6. Save this receipt and present it if you make inquiry.

Chip Bull for U.S. Congress

207-947-5240

February 4, 1986

Paul F. Chaiken, Esquire
Rudman & Winchell
84 Harlow Street
P.O. Box 1401
Bangor, ME 04401

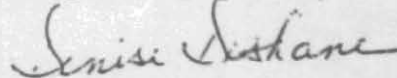
Re: Chipman Bull and Key Bank

Dear Mr. Chaiken:

On behalf of the Chipman Bull for U.S. Congress Committee, I hereby enclose a check payable to Key Bank in the amount of \$15,630.59 to be applied as follows:

Principal due	\$10,000.00
Interest through 02/07/86	1,241.66
Attorneys' Fees through 02/07/86	4,092.00
Expenses through 02/07/86	296.93
	<u>\$15,630.59</u>

Very truly yours,



Denise Deshane
Treasurer

DD/la
Enclosure

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CHIPMAN C. BULL FOR CONGRESS

193 BROAD ST.
BANGOR, ME 04401

221

February 4 1956 ⁵²⁻²⁰⁷/₁₁₂ -06

PAY TO THE
ORDER OF

Key Bank

\$ 15,630.59

Fifteen thousand six hundred thirty and 59/100 -- DOLLARS

DEPOSITORS
TRUST COMPANY
OF EASTERN MAINE
BANGOR, MAINE 04401

FOR DEPOSIT ONLY

Series 417 Dollars

⑈000221⑈ 7:011202075⑈ 961⑈9824 8⑈

BULL FOR CONGRESS CONTRIBUTIONS

Mr. Frederick D. Barton
127 Neal Street
Portland, ME 04102

\$200.00

Occupation: Consultant

CONTRIBUTION: Check in the amount of \$200.00 dated 1/16/86, No
check number, drawn on Canal Bank - Golden Key Account.

Albert J. Beliveau, Jr.
39 Franklin Street
Rumford, ME 04276

\$600.00

Occupation: Attorney

Contribution: Personal Check in the amount of \$600.00, Ck.
Previous Amount, \$100.00.

Irene L. Belanger
Box 3700
Weeks Mills, ME 04361

300.00

Occupation: Realtor

Contribution: Personal Check in the amount of \$300.00, dated 2/4/86.

Severin M. Beliveau
92 Ganneston Drive
Augusta, ME 04330

\$229.16.

Occupation: Attorney
Previous amount: \$750.00

CONTRIBUTION: Interest Payments

Alton E. Cianchette
9 Libby Street
Pittsfield, ME 04967

\$750.00

Occupation: Businessmen

CONTRIBUTION: Check in the amount of \$750.00 dated 1/9/86,
Check No. 1005.

93040930273

William J. Dailey, Jr.
One Bushnell Drive
Lexington, MA 02173

\$1,000.00

Occupation: Attorney

CONTRIBUTION: Check in the amount of \$1,000.00 dated 1/13/86,
Check No. 5591.

Paul R. Dumas, Jr.
82 Congress Street
Rumford, ME 04276

\$1,000.00

Occupation: Attorney

CONTRIBUTION: Check in the amount of \$1,000.00 dated 1/20/86,
Check No. 3516.

J. Gregory Freeman
316 State Street
Presque Isle, ME 04769

\$229.16

Occupation: Businessman - Presque Isle

CONTRIBUTION: Interest Payment.

Katherine Freeman
316 State Street
Presque Isle, ME 04769

\$1,000.00

Occupation: Housewife - Presque Isle

CONTRIBUTION: Check in the amount of \$1,000.00 dated 1/13/86,
Check No. 313.

Edward Gall
111 Ganneston Drive
Augusta, ME 04330

\$1,000.00

Occupation: Bussinessman

Contribution: Personal Check in the amount of \$1,000.00, Ck. # 4431, dat
2/4/86.

Michael J. Gentile
R.R. #2, Box 7960
Jay, ME 04239

\$729.17

Occupation: Attorney - Augusta, Maine

CONTRIBUTION: Check in the amount of \$450.00 dated 1/15/86, Check No. 701. Interest payment \$229.17 and \$50.00 cash.

Mr. Ron Giguere
West, Bath
D/B/A
New England Sales
Ellis Avenue
Augusta, ME 04330

\$1,000.00

Occupation: Food Broker

CONTRIBUTION: Personal Money order in the amount of \$1,000.00, dated 1/9/86 - Personal Money Order Casco Northern Bank, A708713.

Al C. Graceffa
18 Deer Run
Augusta, ME 04330

Occupation: Businessman

Contribution: Personal Check in the amount of \$1,000.00, dated 2/4/86.

Kevin R. Judkins
D/B/A
H & J Associates
42 Bangor Street
Augusta, ME 04330

200.00

Occupation: Realtor

Contribution: Check drawn on H & J Associates account, Ck. # 162, dated 2/5/86.

Floyd L. Harding
Hardings Law Offices
429 Main Street
Presque Isle, ME 04769-0427

100.00

Occupation: Attorney

Check in the amount of \$100.00 dated 1/23/86 check #3929.
Previous amount \$235.00.

Charles P. Harriman
98 Field Road
Falmouth, ME 04105

500.00

Occupation: Businessman

Contribution: Personal Check in the amount of \$500.00, Ck. # 424
dated 2/3/86

Mary J. Herman
15 Potter Street
Brunswick, ME 04011
Tele: 729-3833

200.00

Occupation: Consultant

CONTRIBUTION: Check in the amount of \$200.00 dated 1/21/86 check number
1474.

Robert H. Hird
Longfellow Cove, Rt. 135
Winthrop, ME 04364

\$500.00

Occupation: Businessman

CONTRIBUTION: Personal Check in the amount of \$500.00, dated
1/20/86.

Leland H Hopkins
R.F.D. #1
Readfield, ME 04355

150.00

Occupation: Property Manager

Contribution: Personal Money Order drawn on Merrill Trust
Company account in the amount of \$150.00, dated 2/4/86.

William E. McCarthy
P.O. Box 566
Rumford, ME 04276

692 Prospect Avenue
Rumford, ME 04276

1,000.00

Occupation: Attorney/Retired

CONTRIBUTION: Personal Check in the amount of \$1,000.00, Check
No. 5853, dated 1/13/86.

Glenn H. Manuel
R.F.D. #1
Monticello, ME 04760

\$500.00

Occupation: Potato Farmer

Previous Amount \$500.00

Contribution: Personal Check in the amount of \$500.00, Ck. #
942, dated 1/29/86.

Dolores A. Mesenzeff
181 Brunswick Avenue
Gardiner, ME 04345

\$150.00

Occupation: Businesswoman

Contribution: Personal check in the amount of \$150.00, Ck. #
1871, dated 2/4/86.

Joel Mesznik
60 Broad Street
New York, N.Y. 10004
212-249-6380

800.00

Occupation: Investment Banker

Contribution: Personal Check in the amount of \$800.00, Ck. # 3173, date
1/29/86.

Charles J. Micoleau
One Canal Plaza, 10th Floor
Portland, ME 04112

200.00

Occupation: Attorney

CONTRIBUTION: Personal Check in the amount of \$200.00, dated Jan 20, 1986,
Check # 259.

John C. Orestis
465 Main Street
Lewiston, ME 04240
Tele: 784-1371

\$400.00

Occupation: Attorney

Contribution: Personal Check in the amount of \$400.00,
Check # 4618, dated 1/29/86.

Matthew Pooler
CAPRI ATP. 380
Augusta, ME 04330

\$200.00

Occupation: Realtor

Contribution: Personal check in the amount of \$200.00,
Check # 2087, dated 2/3/86.

Mr. Gavin Rutolo
d/b/a/
GAR Properties
P.O. Box 310
Scarborough, ME 04074

1,000.00

Occupation: Businessman

CONTRIBUTION: Check in the amount of \$1,000.00 dated 1/22/86, Check No.
374, written on GAR Properties checking account.

Michele Trainor
Pickeral Cove
West Lebanon, ME 04027

\$1,000.00

Occupation: Developer

Contribution: Personal Check in the amount of \$1,000.00, Ck. #
132, dated 1/11/86.

R. John Wuesthoff
37 Glenwood Avenue
Portland, ME 04103
Tele: 774-1753

500.00

Occupation: Attorney

Contribution: Personal Check in the amount of \$500.00, Ck. 605, Dated
1/21/86.

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY

In the Matter of)
)
Chipman C. Bull)
Chipman C. Bull for Congress)
and Denise M. Deshane, as)
treasurer)
Michael J. Gentile)
Severin M. Beliveau)
J. Gregory Freeman)

MUR 2112

86 AUG 29 P 3: 56

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On March 19, 1986, the Commission found reason to believe that Chipman C. Bull violated 2 U.S.C. § 441a(f) by knowingly accepting excessive contributions to his 1984 congressional campaign. Mr. Bull accepted a \$10,000 bank loan for use in his campaign, and that loan was guaranteed by only three individuals. On April 8, 1986, Mr. Bull received notification of the Commission's reason to believe finding against him.

The Commission received no response from Mr. Bull concerning the reason to believe finding. On May 7, 1986, in a telephone conversation with a Commission attorney, Mr. Bull stated that he had mailed a sworn statement to the Commission via certified mail, and a return receipt indicated the statement was received at the FEC on April 28, 1986. Mr. Bull then agreed to resend the sworn statement on May 8, 1986. He failed to do so.

Accordingly, on June 25, 1986, the General Counsel's Office notified the Commission that this Office was prepared to close the investigation as to Mr. Bull, based on the information then available. On July 14, 1986 this Office mailed Mr. Bull a

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General Counsel's Brief recommending a finding of probable cause to believe that he violated 2 U.S.C. § 441a(f). Thereafter, the Commission received a written response from Mr. Bull. (Attachment 1) The response is not signed or sworn to, but it states that at the time Mr. Bull accepted the loan proceeds he was not aware of any guarantors for that loan. The response also includes a certified mail return receipt indicating that it accompanied an envelope received at the FEC on April 28, 1986.

II. LEGAL AND FACTUAL ANALYSIS

If the statements in Mr. Bull's response are true, he would not have violated 2 U.S.C. § 441a(f) because he would not knowingly have accepted the excessive contributions. The response raises issues that this Office would have investigated at the time, had Mr. Bull's April letter apparently not been lost. Consequently, the General Counsel's Office proposes to re-open the investigation in this matter. This Office recommends that the Commission approve the attached Questions (Attachment 2), which attempt to ascertain from the Key Bank of Eastern Maine what it informed Mr. Bull and agents of his campaign committee concerning guarantors for the loan.

Because the bank's answers to the

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attached Questions may have a direct bearing on the Committee, this Office will suspend conciliation negotiations with the Committee pending receipt of the bank's answers.

III. RECOMMENDATIONS

1. Approve the attached Questions to the Key Bank of Eastern Maine.
2. Approve and send the attached letter.

Charles N. Steele
General Counsel

Date

8/29/86

By:

Lawrence M. Noble
Deputy General Counsel

Attachments

1. Response from Chipman C. Bull
2. Questions to Key Bank of Eastern Maine
3. Letter

93040930281

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

Chipman C. Bull)

Chipman C. Bull for Congress)
and Denise M. Deshane, as)
treasurer)

Michael J. Gentile)

Severin M. Beliveau)

J. Gregory Freeman)

MUR 2112

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on September 4, 1986, the Commission decided by a vote of 5-0 to take the following actions in MUR 2112:

1. Approve the Questions to the Key Bank of Eastern Maine, as recommended in the General Counsel's Report signed August 29, 1986.
2. Approve and send the letter, as recommended in the General Counsel's Report signed August 29, 1986.

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

Attest:

9/4/86

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

Received in Office of Commission Secretary: Fri., 8-29-86, 3:56
Circulated on 48 hour tally basis: Tues., 9-2-86, 11:00
Deadline for vote: Thurs., 9-4-86, 11:00

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

September 9, 1986

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Maurice P. Shea, III., President
Key Bank of Eastern Maine
77 Exchange Street
P.O. Box 4000
Bangor, Maine 04401

RE: MUR 2112

Dear Mr. Shea:

The Federal Election Commission, established in April, 1975, has the statutory duty of enforcing the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26 of the Internal Revenue Code of 1954. In connection with an investigation being conducted by the Commission, the attached Questions which require you to provide certain information have been issued. The Commission does not consider you a respondent in this matter, but rather a witness only.

Since this information is being sought as part of an investigation being conducted by the Commission, the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) apply. This section of the Act prohibits the making public of any investigation conducted by the Commission without the express written consent of the person with respect to whom the investigation is made.

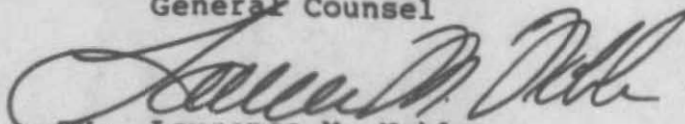
You may consult with an attorney and have an attorney assist you in the preparation of your responses to the Questions. However, it is required that you submit the information under oath and that you do so within ten days of your receipt of this letter.

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If you have any questions, please direct them to Robert Raich, the attorney handling this matter, at 202-376-8200.

Sincerely,

Charles N. Steele
General Counsel



BY: Lawrence M. Noble
Deputy General Counsel

Enclosure
Questions

93040930284

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

**RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY**

In the Matter of)

J. Gregory Freeman)
Severin M. Beliveau)
Michael J. Gentile)

MUR 2112

20 AUG 21 12:03

GENERAL COUNSEL'S REPORT

I. BACKGROUND

The Commission approved conciliation agreements for each of the three respondents who are the subject of this Report. They have now submitted counter-proposals to the Commission.

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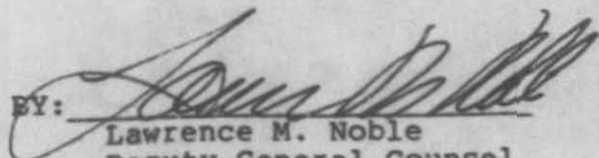
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III. RECOMMENDATIONS

1. Reject the counter-proposals from J. Gregory Freeman, Severin M. Beliveau, and Michael J. Gentile.
2. Approve and send the attached letter.

Charles N. Steele
General Counsel

8/20/81
Date

BY: 
Lawrence M. Noble
Deputy General Counsel

Attachments

1. Respondents' counter-proposals
2. Letter to respondents' counsel.

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
J. Gregory Freeman) MUR 2112
Severin M. Belliveau)
Michael J. Gentile)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of September 9, 1986, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 2112:

1. Reject the recommendation contained in the General Counsel's report dated August 20, 1986.
2. Accept the counter-proposal from J. Gregory Freeman, Severin M. Beliveau, and Michael J. Gentile and close the file as it pertains to these three respondents.

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

Attest:

9-10-86

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

September 15, 1986

J. Curtis Moffatt, Esquire
Gardner, Carton & Douglas
1875 Eye Street, N.W.
Suite 1050
Washington, D.C. 20006

Re: MUR 2112
Severin M. Beliveau
Michael J. Gentile
J. Gregory Freeman

Dear Mr. Moffatt:

On September 9, 1986, the Commission accepted the conciliation agreements signed by you on behalf of your clients, in settlement of violations of 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter as it pertains to your clients, and it will become a part of the public record within thirty days after this matter has been closed with respect to all other respondents involved. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing within 10 days.

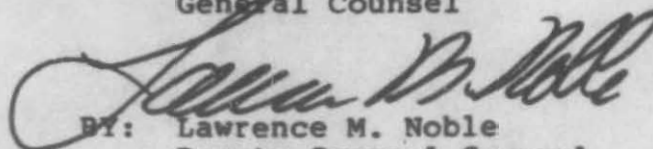
The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

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Enclosed you will find fully executed copies of the final conciliation agreements for your files.

Sincerely,

Charles N. Steele
General Counsel



BY: Lawrence M. Noble
Deputy General Counsel

Enclosures
Conciliation Agreements

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
Severin M. Beliveau

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)
)
)

MUR 2112

CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn, and notarized complaint from Key Bank of Eastern Maine. Reason to believe has been found that Severin M. Beliveau ("Respondent") violated 2 U.S.C. § 441a(a)(1)(A) by making an excessive contribution to Chipman C. Bull's campaign for Congress.

NOW THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

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

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

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

1. On November 1, 1984, Respondent was one of three people to guarantee a \$10,000 loan to Chipman C. Bull. That loan was for the use of Bull's principal campaign committee, Chipman C. Bull for Congress ("Committee").

2. Before signing the guaranty, Respondent directly contributed a total of \$750 to Chipman C. Bull for Congress. After signing the guaranty, Respondent paid a total of \$229.17 for interest on the loan, for a total contribution of \$979.17 to Chipman C. Bull for Congress.

3. Respondent contends that before signing the guaranty, he obtained oral promises from the loan officer of Key Bank of Eastern Maine that the guaranty would not be effective until over ten guarantors had been obtained to ensure Respondent complied with the election contribution laws and that no funds would be dispersed pursuant to the loan until such guaranties were executed.

V. 1. No person may contribute more than \$1,000 per election to a federal candidate and his authorized political committees. 2 U.S.C. § 441a(a)(1)(A).

2. The term "contribution" includes loans and anything of value made by any person for the purpose of influencing any election for federal office. 2 U.S.C. § 431(8)(A)(i).

3. A loan from a bank is considered a loan by each guarantor, in the proportion of the unpaid balance that each guarantor bears to the total number of guarantors. 2 U.S.C. § 431(8)(B)(vii)(I).

4. Because Respondent is one of three guarantors for a \$10,000 loan, Respondent is considered to have contributed \$3,333.33, in addition to the \$979.17 identified in paragraph IV, 2 above.

VI. 1. Pursuant to 2 U.S.C. § 431(8)(B)(vii)(I), Respondent is considered to have contributed in excess of \$1,000 to a candidate for federal office and his principal campaign committee, in violation of 2 U.S.C. § 441a(a)(1)(A).

2. Respondent contends that he did not knowingly or willfully commit a violation of 2 U.S.C. § 441a(a)(1)(A).

VII. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of Two Hundred Fifty Dollars (\$250.00) pursuant to 2 U.S.C. § 437g(a)(5)(A).

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.

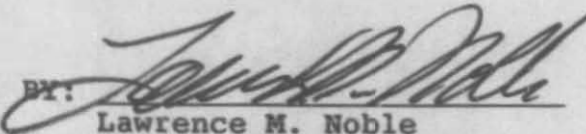
IX. This Agreement shall become effective as of the date all parties hereto have executed the same and the Commission has approved the entire agreement.

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

XI. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be valid.

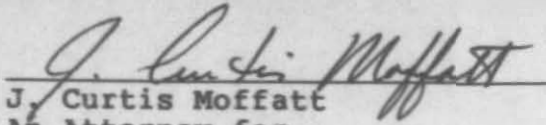
FOR THE COMMISSION:

Charles N. Steele
General Counsel

BY: 
Lawrence M. Noble
Deputy General Counsel

9/14/85
Date

FOR THE RESPONDENT:


J. Curtis Moffatt
An Attorney for
Severin M. Beliveau

August 6, 1986
Date

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
Michael J. Gentile

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)
)

MUR 2112

CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn, and notarized complaint from Key Bank of Eastern Maine. Reason to believe has been found that Michael J. Gentile ("Respondent") violated 2 U.S.C. § 441a(a)(1)(A) by making an excessive contribution to Chipman C. Bull's campaign for Congress.

NOW THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

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

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

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

1. On November 1, 1984, Respondent was one of three people to guarantee a \$10,000 loan to Chipman C. Bull. That loan was for the use of Bull's principal campaign committee, Chipman C. Bull for Congress ("Committee").

2. Respondent directly contributed a total of \$500 to Chipman C. Bull for Congress. After signing the guaranty, Respondent paid a total of \$229.17 for interest on the loan, for a total contribution of \$729.17 to Chipman C. Bull for Congress.

3. Respondent contends that before signing the guaranty, he obtained oral promises from the loan officer of Key Bank of Eastern Maine that the guaranty would not be effective until over ten guarantors had been obtained to ensure Respondent complied with the election contribution laws and that no funds would be dispersed pursuant to the loan until such guaranties were executed.

V. 1. No person may contribute more than \$1,000 per election to a federal candidate and his authorized political committees. 2 U.S.C. § 441a(a)(1)(A).

2. The term "contribution" includes loans and anything of value made by any person for the purpose of influencing any election for federal office. 2 U.S.C. § 431(8)(A)(i).

3. A loan from a bank is considered a loan by each guarantor, in the proportion of the unpaid balance that each guarantor bears to the total number of guarantors. 2 U.S.C. § 431(8)(B)(vii)(I).

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4. Because Respondent is one of three guarantors for a \$10,000 loan, Respondent is considered to have contributed \$3,333.33, in addition to the \$729.17 identified in paragraph IV, 2 above.

VI. 1. Pursuant to 2 U.S.C. § 431(8)(B)(vii)(I), Respondent is considered to have contributed in excess of \$1,000 to a candidate for federal office and his principal campaign committee, in violation of 2 U.S.C. § 441a(a)(1)(A).

2. Respondent contends that he did not knowingly or willfully commit a violation of 2 U.S.C. § 441a(a)(1)(A).

VII. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of Two Hundred Fifty Dollars (\$250.00) pursuant to 2 U.S.C. § 437g(a)(5)(A).

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.

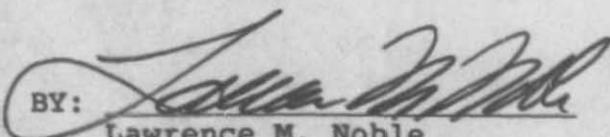
X. Respondent shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

XI. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be valid.

FOR THE COMMISSION:

Charles N. Steele
General Counsel

BY:


Lawrence M. Noble
Deputy General Counsel

Date

9/12/85

FOR THE RESPONDENT:


J. Curtis Moffatt
An Attorney for
Michael J. Gentile

Date

August 6, 1986

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
J. Gregory Freeman

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MUR 2112

CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn, and notarized complaint from Key Bank of Eastern Maine. Reason to believe has been found that J. Gregory Freeman ("Respondent") violated 2 U.S.C. § 441a(a)(1)(A) by making an excessive contribution to Chipman C. Bull's campaign for Congress.

NOW THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

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

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

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

1. On November 1, 1984, Respondent was one of three people to guarantee a \$10,000 loan to Chipman C. Bull. That loan was for the use of Bull's principal campaign committee, Chipman C. Bull for Congress ("Committee").

2. After signing the guaranty, Respondent directly paid a total of \$229.17 for interest on the loan, for a total contribution of \$229.17 to Chipman C. Bull for Congress.

3. Respondent contends that before signing the guaranty, he obtained oral promises from the loan officer of Key Bank of Eastern Maine that the guaranty would not be effective until over ten guarantors had been obtained to ensure Respondent complied with the election contribution laws and that no funds would be dispersed pursuant to the loan until such guaranties were executed.

V. 1. No person may contribute more than \$1,000 per election to a federal candidate and his authorized political committees. 2 U.S.C. § 441a(a)(1)(A).

2. The term "contribution" includes loans and anything of value made by any person for the purpose of influencing any election for federal office. 2 U.S.C. § 431(8)(A)(i).

3. A loan from a bank is considered a loan by each guarantor, in the proportion of the unpaid balance that each guarantor bears to the total number of guarantors. 2 U.S.C. § 431(8)(B)(vii)(I).

93040930301

4. Because Respondent is one of three guarantors for a \$10,000 loan, Respondent is considered to have contributed \$3,333.33, in addition to the \$229.17 identified in paragraph IV, 2 above.

VI. 1. Pursuant to 2 U.S.C. § 431(8)(B)(vii)(I), Respondent is considered to have contributed in excess of \$1,000 to a candidate for federal office and his principal campaign committee, in violation of 2 U.S.C. § 441a(a)(1)(A).

2. Respondent contends that he did not knowingly or willfully commit a violation of 2 U.S.C. § 441a(a)(1)(A).

VII. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of Two Hundred Fifty Dollars (\$250.00) pursuant to 2 U.S.C. § 437g(a)(5)(A).

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.

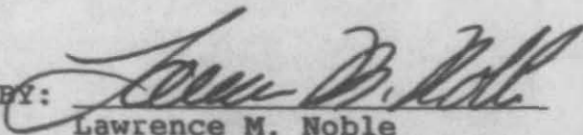
X. Respondent shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

XI. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be valid.

FOR THE COMMISSION:

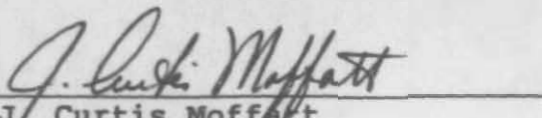
Charles N. Steele
General Counsel

BY:


Lawrence M. Noble
Deputy General Counsel

9/12/86
Date

FOR THE RESPONDENT:


J. Curtis Moffatt
An Attorney for
J. Gregory Freeman

August 6, 1986
Date

93040930302

Lawrence M. Noble, Esquire
September 16, 1986
RE: MUR 2112
Page 2

Mr. Payne had further discussion with Sevrin Beliveau concerning arrangements for the loan. Mr. Payne also spoke with officers at affiliate banks to arrange for signing and delivery of guarantees.

On 11/1/84, Mr. Gerald Collins closed the loan to Chipman Bull on verbal confirmation from affiliate banks that the three guarantees required by the bank had been executed.

5. The telephone discussion between Mr. Dunn and Mr. Payne revolved around the purpose of the loan, the source of repayment, and who would be involved in the loan. The purpose was to provide cash payment to advertisers for campaign ads. The source of repayment was contributions, fund raising, or reliance on the makers/guarantors. The makers/guarantors were to include: Beliveau, Gentile, and Freeman.

Mr. Payne then called Mr. Beliveau to discuss the loan. It was Mr. Payne's desire that the loan be made to Mr. Beliveau and makers who would then lend the money to Chipman Bull. This request was made based on lack of knowledge of the financial standing of Mr. Bull, and knowledge of Beliveau and Freeman as substantial and honorable individuals. Mr. Beliveau stated that he could not give or lend any more funds directly to the Bull campaign, but could and would appear as guarantor of the loan, along with Freeman and Gentile. Arrangements were made for the signing of three joint and several guaranties by Beliveau, Freeman, and Gentile.

6. The loan was based on the financial standing of the guarantors. It was their belief and hope that the repayment would be made from funds raised by supporters of Mr. Bull. The bank, however, viewed the strength of the endorers as the source of repayment of last resort, without regard for fundraising efforts.

7. Mr. Payne told Mr. Dunn and Mr. Beliveau that the basis of the loan was not Chipman Bull, but was the joint and several guaranties of Beliveau, Freeman, and Gentile. At no time did the bank contemplate having more guarantors or limited guarantees.

8. The bank's direct communications were solely with Mr. Dunn and Mr. Beliveau, and the documents signed by the guarantors are explicit in their language.

9. Mr. Lewis Payne answered all questions. The only information not included is the discussion which may have taken place at the signing of the loan between Gerald Collins, A.V.P. of Key Bank and Chipman Bull. If any discussion took place, there was no change in the documents proposed.

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Lawrence M. Noble, Esquire

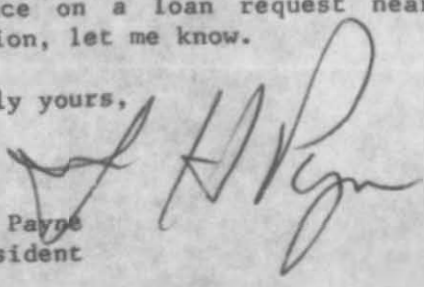
September 16, 1986

RE: MUR 2112

Page 3

The bank wishes to reiterate that the obligation of Chipman Bull has been paid in full from contributions of the Chipman Bull campaign. The information provided herein is accurate to the extent of my recollection of events which took place on a loan request nearly two years ago. If you require further information, let me know.

Very truly yours,


Lewis H. Payne
Vice President

raj

93040930305

PRETI, FLAHERTY & BELIVEAU
ATTORNEYS AT LAW

ONE MEMORIAL CIRCLE

AUGUSTA, MAINE 04330

207/623-5167

TELEX: 950039

RECEIVED AT THE FEC
GCC#1775
PORTLAND OFFICE
443 CONGRESS STREET
PORTLAND, MAINE 04101
207/775-5831

RUMFORD OFFICE:
150 CONGRESS STREET
RUMFORD, MAINE 04276
207/364-4593

JOHN J. FLAHERTY
ROBERT W. SMITH
SEVERIN M. BELIVEAU
MICHAEL J. GENTILE
KEITH A. POWERS
ERIC P. STAUFFER
DANIEL RAPAPORT
BRUCE C. GERRITY
JEFFREY T. EDWARDS
FRANKLIN A. FOE
JOHN C. GALL
ESTELLE A. LAVOIE
CAROL A. GUCKERT
EDWARD R. BENJAMIN, JR.
ARLYN H. WEEKS
SUSAN E. LOGIUDICE

ROBERT F. PRETI
ALBERT J. BELIVEAU, JR.
HAROLD C. PACHIOS
RICHARD H. SPENCER, JR.
CHRISTOPHER D. NYHAN
JONATHAN S. PIPER
JOHN P. DOYLE, JR.
ANTHONY W. BUXTON
ROBERT CHECKOWAY
MICHAEL G. MESSERSCHMIDT
RANDALL B. WEILL
GEOFFREY K. CUMMINGS
EVAN M. HANSEN
FRANCIS K. TOTO
JOY C. CANTRELL
JAMES C. PITNEY, JR.

October 9, 1986

Mr. Robert Raich
Federal Elections Commission
999 E Street, N.W.
Sixth Floor
Washington, D.C. 20463

RE: MUR 2112

Dear Mr. Raich:

I am enclosing my check for \$500.00 in payment of the penalty assessed against me and Michael J. Gentile and Gregory Freeman's check for \$250.00 in payment of the penalty assessed against him regarding the above.

Sincerely yours,

Severin M. Beliveau
Severin M. Beliveau

SMB/law
Enclosures

cc: J. Curtis Moffatt, Esquire
Michael J. Gentile, Esquire
Mr. Gregory Freeman

26 OCT 21 A10:32

RECEIVED
GENERAL COUNSEL

93040930306

CCC#1774

TO: Debra A. Reed

TO: Judy Smith

FROM: Judy Smith

FROM: Debra A. Reed

CHECK NO. 1819 (a copy of which is attached) RELATING

TO MUR 2112 (Baich) AND NAME Michael J. Gentile & Severin M. Beliveau

WAS RECEIVED ON 10/21/86. PLEASE INDICATE THE ACCOUNT INTO

WHICH IT SHOULD BE DEPOSITED:

☐ BUDGET CLEARING ACCOUNT (#95F3875.16)
☒ CIVIL PENALTIES ACCOUNT (#95-1099.160)
☐ OTHER _____

SIGNATURE

Debra A. Reed

DATE

10/22/86

93040930307

SEVERIN M. BELIVEAU 95 GANNESTON DRIVE AUGUSTA, ME 04330		1819
PAY TO THE ORDER OF <u>Treasury of the U.S.</u>		Oct 9 1986 52-2/112
<u>The hundred and 7/10</u>		\$ 500.00
DOLLARS		
Casco Northern Bank, N.A. AUGUSTA, MAINE 04330		
MEMO <u>Re: MUR 2112</u>		<u>Debra A. Reed</u>
⑆011200022⑆		1819

930308
9304
9304
9304

MEMORANDUM

TO: Debra A. Reed

TO: Judy Smith

FROM: Judy Smith

FROM: Debra A. Reed

CHECK NO. 545 (a copy of which is attached) RELATING
TO MUR 2112 (Baich) AND NAME J. Gregory Freeman
WAS RECEIVED ON 10/21/86. PLEASE INDICATE THE ACCOUNT INTO
WHICH IT SHOULD BE DEPOSITED:

- / / BUDGET CLEARING ACCOUNT (#95F3875.16)
- / ✓ / CIVIL PENALTIES ACCOUNT (#95-1099.160)
- / / OTHER _____

SIGNATURE Debra A. Reed DATE 10/22/86

J. GREGORY FREEMAN KATHERINE FREEMAN 318 STATE ST. PRESQUE ISLE, MAINE 04789		545
Oct. 8, 19 86		52-104 112
PAY TO THE ORDER OF	TREASURER OF UNITED STATES	\$ 250.00
Two hundred fifty and no/100-----		DOLLARS
 Key Bank of Northern Maine Presque Isle, Maine 04789		
MEMO		
+ 00112010471		0545

CCC#1775

0012
A10:2

CC# 2372
RECEIVED AT THE FEC

86 DEC 29 411:45

PIERCE, ATWOOD, SCRIBNER, ALLEN, SMITH & LANCASTER

ONE MONUMENT SQUARE

PORTLAND, MAINE 04101

TELEPHONE 207/773-6411

TELECOPIER 207/773-3419

AUGUSTA OFFICE

77 WINTHROP STREET

AUGUSTA, MAINE 04330

207/622-6311

DANIEL W. EMERY
THOMAS R. DOYLE
CHRISTOPHER E. HOWARD
RICHARD W. MURPHY
JEFFREY D. CURTIS
WAYNE R. DOUGLAS
ANDREA L. CIANCHETTE
ANNE M. PARÉ
JOHN R. McDERMOTT
DENNIS C. KEELER
LAWRENCE S. DELANEY
GERARD D. FOURNIER
KEVIN F. GORDON
GREGORY D. WOODWORTH
GORDON K. GAYER
WILLIAM L. HARVEY
ELIZABETH R. BUTLER
MICHAEL P. COGSWELL

ELAINE S. FALENDER
JOHN R. GOLDSBURY
SCOTT T. MAKER
ELIZABETH T. MCCANDLESS
ANDREA C. NAJARIAN
JOHN C. NIVISON
ELIZABETH S. PEARCE
WILLIAM E. TAYLOR
JACOB A. MANHEIMER
JAY H. KRALL
CATHERINE R. CONNORS
MICHAEL E. HIGH
PETER B. LaFOND
RICK E. LAWRENCE
STEPHANIE E. LUGG
LYNN VAN NOTE

FRED C. SCRIBNER, JR.
CHARLES W. ALLEN
JOTHAM D. PIERCE
SIGRID E. TOMPKINS
WILLIAM C. SMITH
RALPH I. LANCASTER, JR.
JEREMIAH D. NEWBURY
DONALD W. PERKINS
GERALD M. AMERO
DONALD A. FOWLER, JR.
BRUCE A. COGGESHALL
S. MASON PRATT, JR.
DANIEL E. BOXER
JOTHAM D. PIERCE, JR.
WARREN E. WINSLOW, JR.
ALBERT G. AYRE
EVERETT P. INGALLS
MALCOLM L. LYONS
ROBERT G. FULLER, JR.
JAMES B. ZIMPRITCH

JAMES G. GOOD
JOHN J. O'LEARY, JR.
PETER W. CULLEY
JEFFREY M. WHITE
JOSEPH M. KOZAK
GEORGE J. MARCUS
RICHARD E. CURRAN, JR.
LOUISE K. THOMAS
PHILLIP E. JOHNSON
JOHN W. GULLIVER
JOHN D. DELAHANTY
CHARLES S. EINSIEDLER, JR.
PETER H. JACOBS
MICHAEL D. SEITZINGER
DANIEL H. SNOW
RICHARD P. HACKETT
LEE D. URBAN
MICHAEL R. CURRIE
WILLIAM J. KAYATTA, JR.
DAVID E. HUNT

December 24, 1986

Robert Raich
Federal Election Commission
999 E Street N.W. 6th floor
Washington, DC 20463

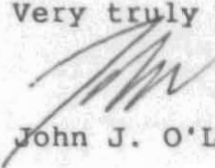
Re: Board of Overseers of the Bar

Dear Mr. Raich:

Please find enclosed the Consent to Disclosure as executed by Messrs. Beliveau, Gentile, Freeman and Ms. Deshane. We would appreciate your having the Consent form executed by the appropriate official of the Federal Election Commission and sending a copy of the fully executed form back to us so that we may proceed with our reply to the Maine Bar Counsel.

Thank you again for your cooperation in this matter.

Very truly yours,


John J. O'Leary, Jr.

JJO/rep

86 DEC 29 P2:50

RECEIVED
GENERAL COUNSEL

23040930309

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

SEVERIN M. BELIVEAU)

MICHAEL J. GENTILE)

J. GREGORY FREEMAN)

MUR 2112

CONSENT TO DISCLOSURE

Severin M. Beliveau, Michael J. Gentile and J. Gregory Freeman, former respondents in this matter whose conciliation agreements were accepted by the Federal Election Commission on September 9, 1986 and Chipman C. Bull for Congress, by its treasurer, Denise M. Deshane both of whom currently are respondents in this matter, and the Federal Election Commission by its duly authorized agent hereby give their written consent, pursuant to 2 U.S.C. § 437g(a) (4) (B) and 2 U.S.C. § 437g (a) (12) (A) to the disclosure by Mr. Beliveau and Mr. Gentile to the Maine Board of Overseers of the Bar, in connection with Board of Overseers File No. 86-181, of any pleadings and correspondence of Mr. Beliveau and Mr. Gentile, and their counsel, with the Federal Election Commission in connection with FEC Docket No. MUR 2112 including, without limitation, the conciliation agreements between Mr. Beliveau and the FEC and Mr. Gentile and the FEC accepted on September 9, 1986.

DATED: November 12, 1986

FEDERAL ELECTION COMMISSION

BY: _____

Its

Severin M. Beliveau
Severin M. Beliveau

Michael J. Gentile
Michael J. Gentile

J. Gregory Freeman
J. Gregory Freeman

CHIPMAN C. BULL FOR CONGRESS

BY: Denise M. Deshane
Its Treasurer

93040930310

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Michael J. Gentile
Severin M. Beliveau
J. Gregory Freeman
Chipman C. Bull for Congress
and Denise M. Deshane,
as treasurer
Chipman C. Bull

MUR 2112

GENERAL COUNSEL'S REPORT

I. BACKGROUND

This MUR arose as a result of a \$10,000 campaign loan guaranteed by only three persons. The Commission has accepted conciliation agreements and closed the file with respect to the three guarantors, but the MUR is still open as to the Committee, its treasurer, and the candidate.

Two of the three guarantors^{*/} are attorneys. As a result of this transaction, the two attorneys are now facing disciplinary proceedings with their state's Bar. They would like to submit their conciliation agreements as evidence in their disciplinary proceedings but, pursuant to the confidentiality provisions of the Act, cannot do so without the consent of the Commission. They have prepared the attached "Consent to Disclosure"

(Attachment 1) which has been signed by the three guarantors and the Committee by its treasurer. It has not been signed by the candidate. They apparently do not know he is also a respondent.

Counsel for the two attorneys/guarantors has stated that they intend to submit only their conciliation agreements, but the

^{*/} Michael J. Gentile and Severin M. Beliveau.

SENSITIVE

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OFFICE OF THE REC
GENERAL SECRETARY

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"Consent to Disclosure" refers to "any pleadings and correspondence" so that if the ethics tribunal requests additional documentation, they will be able to submit it without the necessity of repeating their application to the Commission.

II. FACTUAL AND LEGAL ANALYSIS

Any notification or investigation made under Section 437g of the Act may not be made public by the Commission without the written consent of the person receiving such notification or the person with respect to whom such investigation is made. 2 U.S.C. § 437g(a)(12)(A). No action by the Commission or any person, and no information derived, in connection with any conciliation attempt may be made public by the Commission without the written consent of the respondent and the Commission. 2 U.S.C. § 437g(a)(4)(B)(i).

The attached "Consent to Disclosure" is an effort by the attorneys/guarantors to effect a limited disclosure of certain information in compliance with the confidentiality provisions of the Act. The information will be disclosed only to their state Bar Board of Overseers. The only information the attorneys/guarantors contemplate disclosing is their own conciliation agreements. All respondents, except the candidate, have consented to the disclosure.

If the guarantors, who are intimately familiar with the facts of this matter, are unaware that the candidate is a respondent, it seems unlikely that a person who merely reads their conciliation agreements would realize that the candidate is a respondent. The conciliation agreements do mention the

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candidate, but only as the person to whom the bank made a loan. The conciliation agreements do not suggest that the candidate is a respondent.

It is the view of the General Counsel's Office that the limited disclosure contemplated here would not result in the making public of an investigation in violation of the Act, nor would it prejudice the interests of the Commission or the candidate. Therefore, this Office recommends that the Commission approve the signing of the attached "Consent to Disclosure."

III. RECOMMENDATIONS

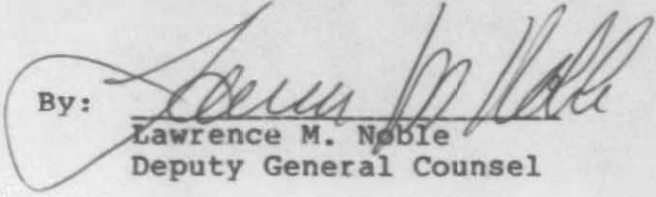
1. Approve the signing of the attached Consent to Disclosure.
2. Approve and send the attached letter.

Charles N. Steele
General Counsel

Date

1/29/87

By:


Lawrence M. Noble
Deputy General Counsel

Attachments

1. Consent to Disclosure
2. Letter

93040930313



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS / JOSHUA MCFADDEN *JM*

DATE: FEBRUARY 3, 1987

SUBJECT: OBJECTION TO MUR 2112 - GENERAL COUNSEL'S REPORT
SIGNED JANUARY 29, 1987

The above-captioned document was circulated to the
Commission on Monday, February 2, 1987 at 4:00 P.M.

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

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

This matter will be placed on the Executive Session
agenda for Wednesday, February 18, 1987.

93040930314



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE
GENERAL COUNSEL

FROM: *MDE* MARJORIE W. EMMONS / JOSHUA MCFADDEN *JM*

DATE: FEBRUARY 4, 1987

SUBJECT: OBJECTION TO MUR 2112 - GENERAL COUNSEL'S REPORT
SIGNED JANUARY 29, 1987

The above-captioned document was circulated to the Commission on Monday, February 2, 1987 at 4:00.

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

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

This matter will be placed on the Executive Session agenda for Wednesday, February 18, 1987.

93040930315

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

Michael J. Gentile)

Severin M. Beliveau)

J. Gregory Freeman)

Chipman C. Bull for Congress)

and Denise M. Deshane, as)

treasurer)

Chipman C. Bull)

MUR 2112

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of February 18, 1987, do hereby certify that the Commission decided by a vote of 5-1 to take the following actions in MUR 2112:

1. Approve the signing of the Consent to Disclosure as recommended in the FEC General Counsel's report dated January 29, 1987.
2. Approve and send the letter attached to the General Counsel's report dated January 29, 1987.

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

Attest:

2/19/87

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

93040930316



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 26, 1987

John J. O'Leary, Jr., Esquire
Pierce, Atwood, Scribner, Allen, Smith & Lancaster
One Monument Square
Portland, Maine 04101

Re: MUR 2112

Dear Mr. O'Leary:

Enclosed please find the duly executed Consent to Disclosure prepared in connection with the above-referenced matter.

Cordially,

Charles N. Steele
General Counsel

Enclosure
Consent to Disclosure

93040930317

BEFORE THE FEDERAL ELECTION COMMISSION

film

In the Matter of)

SEVERIN M. BELIVEAU)

MICHAEL J. GENTILE)

J. GREGORY FREEMAN)

MUR 2112

CONSENT TO DISCLOSURE

Severin M. Beliveau, Michael J. Gentile and J. Gregory Freeman, former respondents in this matter whose conciliation agreements were accepted by the Federal Election Commission on September 9, 1986 and Chipman C. Bull for Congress, by its treasurer, Denise M. Deshane both of whom currently are respondents in this matter, and the Federal Election Commission by its duly authorized agent hereby give their written consent, pursuant to 2 U.S.C. § 437g(a) (4) (B) and 2 U.S.C. § 437g (a) (12) (A) to the disclosure by Mr. Beliveau and Mr. Gentile to the Maine Board of Overseers of the Bar, in connection with Board of Overseers File No. 86-181, of any pleadings and correspondence of Mr. Beliveau and Mr. Gentile, and their counsel, with the Federal Election Commission in connection with FEC Docket No. MUR 2112 including, without limitation, the conciliation agreements between Mr. Beliveau and the FEC and Mr. Gentile and the FEC accepted on September 9, 1986.

DATED: November 12, 1986

Severin M. Beliveau
Severin M. Beliveau

Michael J. Gentile
Michael J. Gentile

J. Gregory Freeman
J. Gregory Freeman

CHIPMAN C. BULL FOR CONGRESS

By: *Denise M. Deshane*
Its Treasurer

FEDERAL ELECTION COMMISSION

BY:

Robert A. ...
Its General Counsel

93040930318

BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of)
)
Chipman C. Bull for)
Congress and Denise M. Deshane,)
as treasurer)

MUR 2112

87 APR 6

APR 6 1987

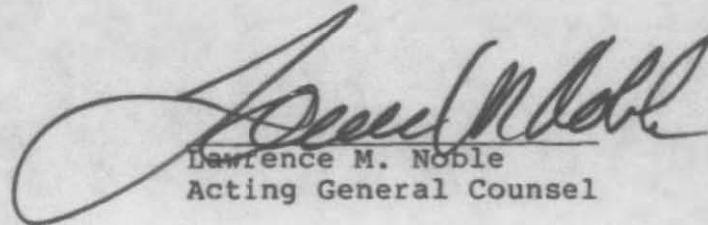
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OFFICE OF THE
COMMISSIONER
FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S REPORT

The Office of General Counsel is prepared to close the investigation in this matter as to Chipman C. Bull for Congress and Denise M. Deshane, as treasurer, based on the assessment of the information presently available.

Date

4/3/87


Lawrence M. Noble
Acting General Counsel

93040930319



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SENSITIVE

87 APR 10 12:24

RECEIVED
OFFICE OF THE
COMMISSIONER
FEDERAL ELECTION COMMISSION

April 10, 1987

MEMORANDUM

TO: The Commission

FROM: Lawrence M. Noble *[Signature]*
Acting General Counsel

SUBJECT: MUR #2112

Attached for the Commission's review is a brief stating the position of the General Counsel on the legal and factual issues of the above-captioned matter. A copy of this brief 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 April 10, 1987. Following receipt of the Respondents' reply to this notice, this Office will make a further report to the Commission.

Attachments

1. Brief
2. Letter to Respondents

93040930320



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

April 10, 1987

Denise M. Deshane, Treasurer
Chipman C. Bull for Congress
c/o Dunn and Associates
43 Columbia Street
Bangor, Maine 04401

RE: MUR 2112
Chipman C. Bull for Congress
and Denise M. Deshane,
as treasurer

Dear Ms. Deshane:

Based upon information in a complaint filed by Key Bank of Eastern Maine, the Federal Election Commission found reason to believe Chipman C. Bull for Congress and you, as treasurer, violated 2 U.S.C. §§ 441a(f), 434(b)(3)(E), 434(a)(2)(B)(i), and 434(a)(2)(B)(ii), provisions of the Federal Election Campaign Act of 1971, as amended (the "Act").

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 your committee and you, as treasurer, violated the Act. The Commission may or may not approve the General Counsel's recommendations.

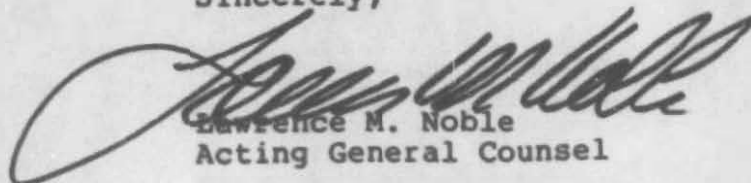
Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying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

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Letter to Denise Deshane, Treasurer
Page 2

Should you have any questions, please contact Robert Raich,
the attorney handling this matter, at (202) 376-8200.

Sincerely,



Lawrence M. Noble
Acting General Counsel

Enclosure
Brief

93040930322

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Chipman C. Bull for Congress and
Denise M. Deshane, as treasurer

)
)
) MUR 2112
)
)
)

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

This matter was initiated by a complaint filed with the Commission by Key Bank of Eastern Maine. The Commission found reason to believe Chipman C. Bull for Congress (the "Committee") and Denise M. Deshane, as treasurer, violated 2 U.S.C. §§ 441a(f), 434(b)(3)(E), 434(a)(2)(B)(i), and 434(a)(2)(B)(ii).

This Office has conducted an investigation into this matter, and the recommendations in this Brief are based upon information ascertained during the investigation.

II. Legal Analysis

A. Excessive Contributions

On November 1, 1984, Key Bank of Eastern Maine loaned Chipman C. Bull \$10,000 for the use of his principal campaign committee, Chipman C. Bull for Congress. Three individuals guaranteed that loan: Severin M. Beliveau, Michael J. Gentile, and J. Gregory Freeman. Gordon Dunn, an agent of the Committee, arranged for the loan and was aware that it would be guaranteed by the three individuals.

A bank loan is considered a loan by each guarantor, in the proportion of the unpaid balance that each guarantor bears to the total number of guarantors. 2 U.S.C. § 431(8)(B)(vii)(I). The Committee consequently accepted a \$3,333.33 contribution in the

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form of a loan guarantee from each of the three guarantors. In addition, the guarantors subsequently paid a total of \$687.50 for interest on the loan. Therefore, the Committee accepted contributions totaling \$3,562.50 from each guarantor in the forms of a loan guarantee and interest. The Committee also received direct contributions from Messrs. Beliveau and Gentile in the amounts of \$750 and \$500, respectively.

No individual may contribute more than \$1,000 per election to a candidate for federal office and his authorized committees. 2 U.S.C. § 441a(a)(1)(A). No political committee may knowingly accept any excessive contribution. 2 U.S.C. § 441a(f). As a result of loan guarantees, interest payments, and direct contributions, the Committee knowingly accepted excessive contributions, in violation of 2 U.S.C. § 441a(f). The excessive portions of those contributions totaled \$8,937.50. */

B. Reporting Violations

Each report filed with the Commission must disclose the identification of any guarantor of a loan for the reporting committee. 2 U.S.C. § 434(b)(3)(E). On its original reports, the Committee failed to disclose the identification of the three loan guarantors, in violation of 2 U.S.C. § 434(b)(3)(E). (The Committee did disclose those identifications on amended reports, filed after the Commission's reason to believe findings in this MUR.)

*/ $(\$3,562.50 \times 3) + \$750 + \$500 - (\$1,000 \times 3) = \$8,937.50.$

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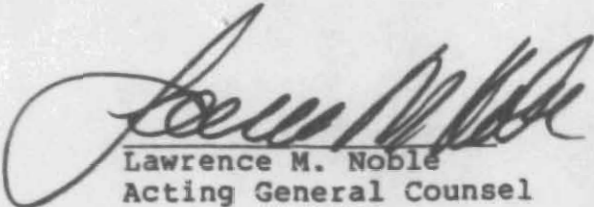
The principal campaign committee of a candidate for the House of Representatives must file a Mid-Year Report no later than July 31 in any calendar year during which there is no election in which the candidate is seeking office. 2 U.S.C. § 434(a)(2)(B)(i). The principal campaign Committee of a candidate for the House of Representatives must file a Year-End Report no later than January 31 following any calendar year during which there is no election in which the candidate is seeking office. 2 U.S.C. § 434(a)(2)(B)(ii). The Committee filed its original 1985 Mid-Year Report 184 days late, on February 1 1986, in violation of 2 U.S.C. § 434(a)(2)(B)(i). The Committee filed its original 1985 Year-End Report one day late, on February 1, 1986, in violation of 2 U.S.C. § 434(a)(2)(B)(ii).

III. General Counsel's Recommendations

For the reasons stated above, the Office of the General Counsel recommends that the Commission find probable cause to believe Chipman C. Bull for Congress and Denise M. Deshane, as treasurer, violated 2 U.S.C. §§ 441a(f), 434(b)(3)(E), 434(a)(2)(B)(i), and 434(a)(2)(B)(ii).

Date

4/9/87


Lawrence M. Noble
Acting General Counsel

Denise M. Deshane, Treasurer
Chipman C. Bull for Congress
c/o Dunn & Associates
43 Columbia Street
Bangor, ME 04401

QCC # 3890
RECEIVED AT THE FEC
HAND DELIVERED
87 APR 29 AM: 11

April 28, 1987

General Counsel's Office
Federal Election Commission
999 E. Street, NW
Washington, D.C. 20463

Attn: Robert Raich

Gentlemen:

RE: MUR 2112
Chipman C. Bull for Congress,
and Denise M. Deshane,
as Treasurer

I am writing to request an extension of ten (10) days for my response to the General Counsel's Brief of April 10, 1987 and received by me on April 16, 1987, I am asking for an extension of time until May 11, 1987. This will give my attorney a chance to prepare a brief.

Thank you for your consideration.

Sincerely,

Denise M. Deshane
Denise M. Deshane

RECEIVED
OFFICE OF THE
GENERAL COUNSEL

87 APR 29 PM: 55

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 1, 1987

MEMORANDUM

TO: The Commission

FROM: Lawrence M. Noble *LMN*
Acting General Counsel

SUBJECT: MUR 2112 Request for Extension of Time

By letter dated April 28, 1987, Denise M. Deshane requested an extension of ten days in which to respond to the General Counsel's Brief. (Attachment 1.) The letter explains that an extension is necessary for her attorney to prepare a brief.

The Office of the General Counsel recommends that the Commission grant the requested extension.

RECOMMENDATIONS

1. Grant an extension of ten days to Chipman C. Bull for Congress and Denise M. Deshane, as treasurer.
2. Approve the attached letter.

Attachments

1. Request for Extension
2. Letter

CONFIDENTIAL

87 MAY 1 1 14:55

OFFICE OF THE GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

93040930327

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Chipman C. Bull for) MUR 2112
Congress and Denise M.)
Deshane, as treasurer)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on May 6, 1987, the Commission decided by a vote of 6-0 to grant an extension of ten days to Chipman C. Bull for Congress and Denise M. Deshane, as treasurer, and approve the letter, as recommended in the General Counsel's Memorandum to the Commission dated May 1, 1987.

Commissioners Aikens, Elliott, Josefiak, McDonald, McGarry, and Thomas voted affirmatively for the decision.

Attest:

5-6-87

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

Received in the Office of Commission Secretary: Fri., 5-1-87, 4:55
Circulated on 48 hour tally basis: Mon., 5-4-87, 11:00
Deadline for vote: Wed., 5-6-87, 11:00

/jm/

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

May 8, 1987

Denise M. Deshane, Treasurer
Chipman C. Bull for Congress
c/o Dunn & Associates
43 Columbia Street
Bangor, Maine 04401

RE: MUR 2112
Chipman C. Bull for
Congress and Denise M.
Deshane, as treasurer

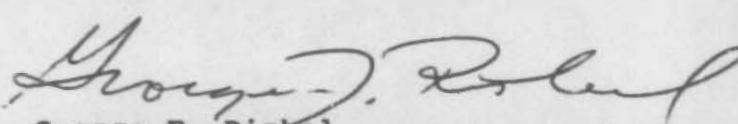
Dear Ms. Deshane:

This is in response to your letter dated April 28, 1987, which we received on April 29, 1987, requesting an extension of ten days to respond to the General Counsel's Brief. After considering the circumstances presented in your letter, the Federal Election Commission has granted the requested extension. Accordingly, your response is due by the close of business on May 11, 1987.

If you have any questions, please contact Robert Raich, the attorney handling this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
Acting General Counsel


By: George F. Rishel
Acting Associate General Counsel

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CCC# 3341

87 MAY 11 AM: 38

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Chipman C. Bull for Congress and) MUR 2112
Denise M. Deshane, as Treasurer)
)

87 MAY 11 P 3:45

RECEIVED
OFFICE OF THE
CLERK OF THE
FEDERAL ELECTION COMMISSION

BRIEF OF DENISE M. DESHANE

I was the treasurer for the Chipman Bull for Congress Campaign. At the outset, I admit that the campaign report for the period of time from January 1 to June 30 was filed late on February 11, 1986. Further, I also admit the report for the second half of the year was filed on February 1, 1986, instead of January 30, 1986.

As for the loan which Mr. Bull obtained from Key Bank of Eastern Maine, I was not aware at any time prior to the filing of the reports that the loan was guaranteed. When the loan was made, I was given a copy of the note, a copy of which is attached. I asked Mr. Bull if anybody had signed with him or guaranteed the note. He told me nobody had. It was only after a newspaper account later in 1986 that I became aware that people had guaranteed the loan and the bank was suing those people.

I never knowingly or intentionally filed anything with the Federal Election Commission.

Dated May 5, 1987

Denise M. Deshane
Denise M. Deshane

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Ninety Days (90) after date, FOR VALUE RECEIVED, the undersigned borrower(s) (herein after called "Borrower") jointly and severally promise(s) to pay to the order of Key Bank of Eastern Maine (herein after sometimes called "Bank") at any office of said Bank, the principal sum of Ten Thousand and no/100 (\$10,000.00), Dollars or so much thereof as from time to time may be outstanding together with interest on the unpaid principal balance computed at a rate of:

RATE: Check only one

1. ☐ FIXED— Fifteen and no/100 (15 %) percent per annum.

2. ☐ VARIABLE— (currently %) for commercial loans from time to time in effect at said bank plus (%) percent per annum.

TERM: Check appropriate box(es)

3. ☐ Principal and interest payable at maturity on _____.

4. ☐ Until demanded, \$ _____ principal plus accrued interest shall be payable on _____ and on the _____ day of each _____ thereafter until the note is paid in full. All such payments will be applied first to interest due and the balance, if any, to principal.

5. ☐ Until demanded, \$ _____ principal and accrued interest shall be payable on _____ and on the _____ day of each _____ thereafter until the note is paid in full. All such payments will be applied first to interest due and the balance, if any, to principal.

6. ☐ Until due or demanded, interest shall be payable _____ commencing _____ and on the _____ day of each _____ thereafter, so long as any amount due hereunder remains outstanding.

7. ☐ OTHER _____

As collateral security for the payment of this obligation or any other direct or indirect liability or liabilities of mine/ours or of either of us to said Bank, due or to become due, or that may hereafter be contracted, undersigned do hereby sell, convey and grant a security interest to Bank pursuant to the following:

8. ☐ This note is executed under the terms of a Loan Agreement or Line of Credit Agreement dated _____.
9. ☐ This note is secured by a Commercial Security Agreement or Pledge Agreement dated _____.
10. ☐ This note is secured by Mortgage Deed(s) duly executed and dated _____, securing real property, buildings, and improvements thereon.
11. ☐ OTHER _____

In addition, the undersigned agrees to provide holder additional collateral security upon demand when and if the holder deems itself insecure.
The note evidences a loan for business and/or commercial purposes.

12. **ACKNOWLEDGEMENT OF COPY:**
Borrower acknowledges receipt of a copy of this note, and attests that the loan is to be used for the purpose represented to Bank if any representations are made.

THE BORROWER UNDERSTANDS AND AGREES THAT THE PROVISIONS APPEARING ON THE REVERSE SIDE HEREOF CONSTITUTE A PART OF THIS NOTE AS FULLY AS IF THEY WERE PRINTED ON THE FACE HEREOF ABOVE THE BORROWER'S SIGNATURE.

THIS NOTE SHALL TAKE EFFECT AS AN INSTRUMENT UNDER SEAL.

INDIVIDUAL BORROWER _____ CORPORATE OR PARTNERSHIP BORROWER _____

SIGNED: _____
INDIVIDUAL BORROWER'S SIGNATURE (1) PRINT NAME OF PARTNERSHIP OR CORPORATE BORROWER _____

ADDRESS _____
SIGNED: _____
INDIVIDUAL BORROWER'S SIGNATURE (2) BY: _____
ITS _____

ADDRESS _____ BY: _____
PAYMENT GUARANTEED: _____ ITS _____

ENDORSEMENT

As an inducement to the Bank to extend the financial accommodation evidenced by this note and in consideration of the credit extended on this note by the Bank, the undersigned endorsers hereby jointly and severally guarantee to the Bank, its successors or assigns, the payment of said note and consent that the time of payment of said note may be extended from time to time without notice to, or further assent from, the undersigned, and the undersigned hereby consent that any security pledged may be exchanged or surrendered or the time of payment of said note extended from time to time, in the discretion of the Bank, without notice to or further assent from the undersigned, who will remain bound on this guarantee notwithstanding such extensions, exchanges or surrenders and hereby Waive Demand, Notice and Protest.

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Chipman C. Bull for Congress) MUR 2112
and Denise M. Deshane,)
as treasurer)
Chipman C. Bull)

GENERAL COUNSEL'S REPORT

I. The Committee and Its Treasurer

A. Background

This matter was generated by a complaint filed by Key Bank of Eastern Maine.

This Office conducted an investigation following reason to believe findings against Chipman C. Bull for Congress (the "Committee") and Denise M. Deshane, as treasurer. After the close of the investigation, this Office, on April 10, 1987, forwarded to the Commission a General Counsel's Brief recommending that the Commission find probable cause to believe the Committee and its treasurer violated 2 U.S.C. §§ 441a(f), 434(b)(3)(E), 434(a)(2)(B)(i), and 434(a)(2)(B)(ii). The Commission has now received the Brief of Denise M. Deshane (hereinafter "Reply Brief").

B. Analysis of Reply Brief

The Reply Brief admits that the respondents filed reports in an untimely manner. There is, therefore, no dispute that the respondents violated 2 U.S.C. §§ 434(a)(2)(B)(i) and 434(a)(2)(B)(ii).

The Reply Brief indicates that the Committee's treasurer was unaware of loan guarantors, and consequently failed to disclose

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them. */ The Reply Brief, however, does not deny that an agent of the Committee other than the treasurer, namely Gordon Dunn, was aware of the guarantors. (Gordon Dunn was at the time, and is still now, the treasurer's employer.) Accordingly, there is no dispute that the respondents violated 2 U.S.C. § 434(b)(3)(E).

The Reply Brief does not address the excessive contributions received by the Committee. Accordingly, based on the General Counsel's Brief, it appears that the respondents violated 2 U.S.C. § 441a(f).

For the reasons stated in the General Counsel's Brief, and in consideration of the discussion above, this Office recommends that the Commission find probable cause to believe the Committee and its treasurer violated 2 U.S.C. §§ 441a(f), 434(b)(3)(E), 434(a)(2)(B)(i), and 434(a)(2)(B)(ii).

C. Discussion of Conciliation Provisions

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II. The Candidate

Because of his apparent personal involvement with the loan transaction, the Commission found reason to believe Chipman C. Bull, the candidate, violated 2 U.S.C. § 441a(f). Mr. Bull did not respond to the reason to believe notification. Consequently,

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this Office mailed him a General Counsel's Brief recommending a finding of probable cause to believe. Thereafter, Mr. Bull sent the Commission a letter indicating he had no knowledge of any guarantors for the loan. In light of that information, the Commission reopened the investigation and approved questions to Key Bank of Eastern Maine. The bank responded, and its answers reinforce the statements in Mr. Bull's letter that the bank's communications with the Committee concerning the loan and its guarantors were through Gordon Dunn, an agent of the Committee.

The available evidence indicates that the loan to Mr. Bull, and the guarantors for that loan, were arranged for by Gordon Dunn, a campaign staff member. On November 1, 1984, when informed that the loan note was ready, Mr. Bull made a stop at Key Bank of Eastern Maine, signed the note in the presence of a bank officer, and immediately left the bank. The loan proceeds were then directly transferred into the Committee's depository at the same bank. There was not any discussion with Mr. Bull concerning guarantors. Although Mr. Bull apparently had little direct personal involvement with the loan, or guaranties for the loan, he was personally liable for the transaction.

Because it appears that Chipman C. Bull did not knowingly accepted the excessive contributions, this Office recommends that the Commission find no probable cause to believe he violated 2 U.S.C. § 441a(f) and close the file with respect to him.

III. Recommendations

1. Find probable cause to believe Chipman C. Bull for Congress and Denise M. Deshane, as treasurer, violated 2 U.S.C. §§ 441a(f), 434(b)(3)(E), 434(a)(2)(B)(i), and 434(a)(2)(B)(ii).
2. Approve the attached conciliation agreement.
3. Find no probable cause to believe Chipman C. Bull violated 2 U.S.C. § 441a(f) and close the file with respect to him.
4. Approve and send the attached letters.

Date

6/29/87

Lawrence M. Noble
Acting General Counsel

Attachments

- I. Proposed Conciliation Agreement
- II. Letters

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Chipman C. Bull for Congress)
and Denise M. Deshane, as) MUR 2112
treasurer)
Chipman C. Bull)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the
Federal Election Commission executive session of July 7, 1987,
do hereby certify that the Commission decided by a vote of
6-0 to take the following actions in MUR 2112:

1. Find probable cause to believe Chipman C. Bull
for Congress and Denise M. Deshane, as treasurer,
violated 2 U.S.C. §§ 441a(f), 434(b)(3)(E),
434(a)(2)(B)(i), and 434(a)(2)(B)(ii).
2. Approve the conciliation agreement attached to
the General Counsel's report dated June 29, 1987.
3. Find no probable cause to believe Chipman C. Bull
violated 2 U.S.C. § 441a(f) and close the file
with respect to him.
4. Approve and send the letters attached to the
General Counsel's report dated June 29, 1987.

Commissioners Aikens, Elliott, Josefiak, McDonald,
McGarry, and Thomas voted affirmatively for the decision.

Attest:

7-8-87

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

July 9, 1987

Denise M. Deshane, Treasurer
Chipman C. Bull for Congress
c/o Dunn and Associates
43 Columbia Street
Bangor, Maine 04401

RE: MUR 2112
Chipman C. Bull for
Congress and Denise M.
Deshane, as treasurer

Dear Ms. Deshane:

On July 7, 1987, the Federal Election Commission found that there is probable cause to believe Chipman C. Bull for Congress and you, as treasurer, violated 2 U.S.C. §§ 441a(f), 434(b)(3)(E), 434(a)(2)(B)(i), and 434(a)(2)(B)(ii), provisions of the Federal Election Campaign Act of 1971, as amended.

The Commission has a duty to attempt to correct such violations for a period of 30 to 90 days by informal methods of conference, conciliation, and persuasion, and by entering into a conciliation agreement with a respondent. If we are unable to reach an agreement during that period, the Commission may institute a civil suit in United States District Court and seek payment of a civil penalty.

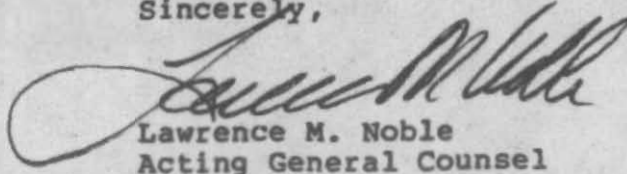
Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission within ten days. I will then recommend that the Commission approve the agreement. 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, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation

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agreement, please contact Robert Raich, the attorney handling this matter, at (202) 376-8200.

Sincerely,



Lawrence M. Noble
Acting General Counsel

Enclosure
Conciliation Agreement

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

July 9, 1987

Mr. Chipman C. Bull
RFD 5, Box 302
Ellsworth, Maine 04605

RE: MUR 2112
Chipman C. Bull

Dear Mr. Bull:

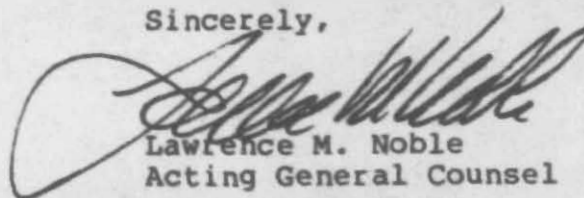
This is to advise you that on July 7, 1987, the Federal Election Commission found that there is no probable cause to believe you violated 2 U.S.C. § 441a(f). Accordingly, the file in this matter has been closed as it pertains to you.

This matter will become part of the public record within 30 days after it has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within ten days. Such materials should be sent to the Office of the General Counsel.

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

If you have any questions, contact Robert Raich, the attorney handling this matter, at (202) 376-8200.

Sincerely,


Lawrence M. Noble
Acting General Counsel

93040930340



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 20, 1987

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Denise M. Deshane, Treasurer
Chipman C. Bull for Congress
c/o Dunn and Associates
43 Columbia Street
Bangor, Maine 04401

RE: MUR 2112
Chipman C. Bull for
Congress and Denise M.
Deshane, as treasurer

Dear Ms. Deshane:

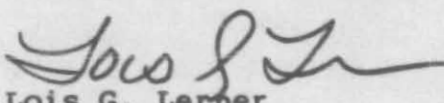
On July 9, 1987, you were notified that the Federal Election Commission found probable cause to believe that Chipman C. Bull for Congress and you, as treasurer, violated 2 U.S.C. §§ 441a(f), 434(b)(3)(E), 434(a)(2)(B)(i), and 434(a)(2)(B)(ii). On that same date, you were sent a conciliation agreement offered by the Commission in settlement of this matter. Copies of the notification and the conciliation agreement are enclosed.

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 filing a civil suit will be made to the Commission by the Office of the General Counsel unless we receive a response from you within ten days after your receipt of this letter.

Should you have any questions, please contact Robert Raich, the attorney handling this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
Acting General Counsel

BY: 
Lois G. Lerner
Associate General Counsel

Enclosure

Letter dated July 9, 1987, with enclosures

93040930341

Return



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

September 21, 1987

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Denise M. Deshane, Treasurer
Chipman C. Bull for Congress
P.O. Box 644
Milford, Maine 04461

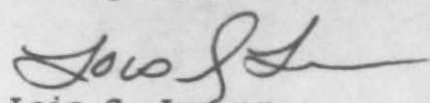
RE: MUR 2112
Chipman C. Bull for
Congress and Denise M.
Deshane, as treasurer

Dear Ms. Deshane:

Enclosed is a copy of our letter to you dated August 20, 1987,
with enclosures.

Sincerely,

Lawrence M. Noble
Acting General Counsel


By: Lois G. Lerner
Associate General Counsel

Enclosures

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BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT

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SENSITIVE

In the Matter of)

Chipman C. Bull for Congress)
and Denise M. Deshane, as)
treasurer)

MUR 2112

EXECUTIVE SESSION

DEC 01 1987

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On July 9, 1987, the Commission mailed the respondents a letter informing them of the Commission's probable cause to believe findings and enclosing a conciliation agreement approved by the Commission in settlement of this matter. The respondents have submitted no signed conciliation agreement to the Commission.

II. DISCUSSION OF CONCILIATION EFFORTS

Because the Committee's treasurer changed her address and phone number, this Office was unable to contact her by telephone until September 17, 1987. After that date, the treasurer failed to return telephone calls from a Commission attorney.

On October 13, 1987, the Commission received a Designation of Counsel Statement (Attachment I) without an explanation, cover letter, or conciliation agreement attached. The lawyer listed in the Designation of Counsel Statement failed to return telephone messages left for him at his office by a Commission attorney.

The statutory period for conciliation has expired. The respondents have demonstrated no real interest in conciliating in this matter. Accordingly, this Office recommends that the Commission authorize this Office to file suit against the

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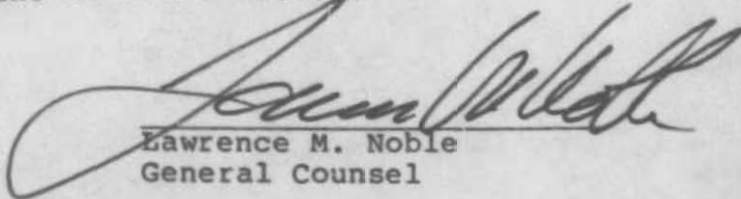
respondents.

III. RECOMMENDATIONS

1. Authorize the Office of the General Counsel to file a civil suit for relief in United States District Court against Chipman C. Bull for Congress and Denise M. Deshane, as treasurer.
2. Approve and send the attached letter.

Date

11/6/87


Lawrence M. Noble
General Counsel

Attachments

- I. Designation of Counsel Statement
- II. Letter

93040930344

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Chipman C. Bull for Congress) MUR 2112
and Denise M. Deshane, as)
treasurer)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of December 1, 1987, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 2112:

1. Authorize the Office of the General Counsel to file a civil suit for relief in United States District Court against Chipman C. Bull for Congress and Denise M. Deshane, as treasurer.
2. Approve and send by certified mail the letter attached to the General Counsel's report dated November 6, 1987.

Commissioners Aikens, Elliott, Josefiak, McDonald, McGarry, and Thomas voted affirmatively for the decision.

Attest:

12-1-87
Date

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

93040930345



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

04 December 1987

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Charles W. Hodsdon, III, Esquire
43 Columbia Street
Bangor, Maine 04401

RE: MUR 2112
Chipman C. Bull for
Congress and Denise M.
Deshane, as treasurer

Dear Mr. Hodsdon:

Your clients were previously notified that on July 7, 1987, the Federal Election Commission found probable cause to believe they violated 2 U.S.C. §§ 441a(f), 434(b)(3)(E), 434(a)(2)(B)(i), and 434(a)(2)(B)(ii), provisions of the Federal Election Campaign Act of 1971, as amended, in connection with the captioned matter.

As a result of our inability to settle this matter through conciliation within the allowable time period, the Commission has authorized the General Counsel to institute a civil action for relief in United States District Court.

Should you have any questions, or should you wish to settle this matter prior to suit, please contact Ivan Rivera, Assistant General Counsel, at (202) 376-8200, within five days of your receipt of this letter.

Sincerely,

Lawrence M. Noble
General Counsel

93040930346

UNITED STATES DISTRICT COURT
DISTRICT OF MAINE

FEDERAL ELECTION COMMISSION,)

Plaintiff)

vs.)

CHIPMAN C. BULL FOR CONGRESS)
DENISE M. DESHANE,)

Defendants)

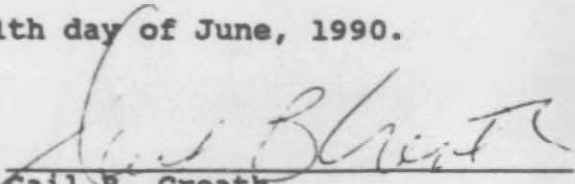
Civil No. 88-0037-B

J U D G M E N T

In accordance with the Order of Chief Judge Carter, entered by the Court on January 9, 1990, granting plaintiff's motion for summary judgment and in accordance with the order affirming the recommended decision of the Magistrate, entered by the Court on June 8, 1990, assessing civil penalties of \$500.00 as to defendant Deshane and \$18,437.50 as to defendant Chipman C. Bull for Congress,

JUDGMENT is hereby entered for the plaintiff and against the defendants and the action is DISMISSED.

Dated at Bangor, Maine this 11th day of June, 1990.


Gail B. Creath
Deputy Clerk in-Charge

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 2112

DATE FILMED _____ CAMERA NO. _____

CAMERAMAN _____

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