



FEDERAL ELECTION COMMISSION
WASHINGTON DC 20461

THIS IS THE BEGINNING OF MUR # 2547

DATE FILMED 4/23/88 CAMERA NO. 3

CAMERAMAN GPC



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20543

12 August 1987

MEMORANDUM

TO: LAWRENCE M. NOBLE
ACTING GENERAL COUNSEL

THROUGH: JOHN C. SURINA
STAFF DIRECTOR

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

SUBJECT: REFERRAL OF THE NORTHERN KENTUCKY HOUSING INDUSTRY
POLITICAL ACTION COMMITTEE OF KENTUCKY

The Northern Kentucky Housing Industry Political Action Committee of Kentucky ("HIPACK") accepted a \$6,000 loan repayment in 1985 from its connected organization, the Home Builders Association of Northern Kentucky.

Direct questions about this referral to Anthony Raymond at 376-2480.

Attachments

REPORTS ANALYSIS REFERRAL

TO

OFFICE OF GENERAL COUNSEL

DATE: 12 August 1987

ANALYST: Anthony Raymond

I. COMMITTEE: Northern Kentucky Housing Industry Political
Action Committee of Kentucky
(C00103713)
Thomas Rechtin, Treasurer
209 Grandview Drive
Port Mitchell, KY 41017

II. RELEVANT STATUTE: 11 CFR 114

III. BACKGROUND:

Receipt of Funds from Connected Organization

Northern Kentucky Housing Industry Political Action Committee of Kentucky ("HIPACK") accepted a loan repayment of \$6,000 from its connected organization, the Home Builders Association of Northern Kentucky. HIPACK loaned its connected organization \$6,000 on October 31, 1985, and received the \$6,000 repayment on December 31, 1985. Both transactions were disclosed in HIPACK'S 1985 Year End Report (Attachment 2).

On July 1, 1987, the Reports Analysis Division ("RAD") analyst sent HIPACK a Request For Additional Information ("RFAI") advising HIPACK to transfer-out the prohibited funds (Attachment 3).

In a response received at the Commission on July 16, 1987, Donald M. Wiedeman, HIPACK'S Executive Director, stated that the \$6,000 had been transferred-out. The response included a photocopy of a \$6,000 check dated July 14, 1987, to the Home Builders Association of Northern Kentucky. Mr. Wiedeman also expressed reservation concerning the prohibition of the loan repayment (Attachment 4).

On July 27, 1987, the RAD analyst called Mr. Wiedeman to explain the impermissibility of the loan repayment (Attachment 5).

IV. OTHER PENDING MATTERS INITIATED BY RAD:

None

SEVENTEENTH CENTURY HOME BUILDING INDUSTRY POLITICAL ACTION COMMITTEE OF CENTRAL VIRGINIA
 CONNECTED ORGANIZATION: HOME BUILDERS ASSN OF NORTHERN KY

ID #000103713 NON-PARTY HOUSING

1985 APRIL QUARTERLY		
JULY QUARTERLY	1,487	
OCTOBER QUARTERLY	100	
YEAR-END	8,128	8,590
YEAR-END AMENDMENT		
REQUEST FOR ADDITIONAL INFORMATION		
1986 APRIL QUARTERLY	64	928
JULY QUARTERLY	8,320	4,347
JULY QUARTERLY AMENDMENT	8,320	4,247
REQUEST FOR ADDITIONAL INFORMATION		
OCTOBER QUARTERLY	163	2,600
OCTOBER QUARTERLY AMENDMENT	163	2,600
REQUEST FOR ADDITIONAL INFORMATION		
YEAR-END	85	802
1987 APRIL QUARTERLY	74	701
JULY QUARTERLY	9,297	4,694
TOTAL	31,682	0 24,633 0

13JAN85 -15APR85	3 89FEC/321/85
16APR85 -15JUL85	4 89FEC/341/85
16JUL85 -15OCT85	3 89FEC/390/85
16OCT85 -31DEC85	5 89FEC/394/85
1OCT85 -31DEC85	4 89FEC/444/85
16OCT85 -31DEC85	3 89FEC/471/85
13JAN86 -31MAR86	4 89FEC/400/86
1APR86 -30JUN86	4 89FEC/410/86
1APR86 -30JUN86	5 89FEC/473/86
1APR86 -30JUN86	1 89FEC/471/86
1JUL86 -30SEPT86	3 89FEC/413/86
1JUL86 -30SEPT86	5 89FEC/473/86
1JUL86 -30SEPT86	1 89FEC/471/86
1OCT86 -31DEC86	4 89FEC/453/86
13JAN87 -31MAR87	4 89FEC/464/87
1APR87 -30JUN87	4 89FEC/474/87

57 TOTAL PAGE

All reports have been reviewed for the 1985-86 election cycle

Cash on hand as of 6/30/87: \$10,044

Debts and obligations owed by the committee as of 6/30/87: \$-0-

Debts and obligations owed to the committee as of 6/30/87: \$-0-

1000000000

SCHEDULE A

ITEMIZED RECEIPTS

Page 1 of 1 for
Line Number
(Use separate schedule for each
category of the Detailed
Summary Page)

1985 Year End Report

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

Name of Committee for Fund

No. Ky. Housing Political Action Committee of Kentucky (HIPACK)

A. Full Name, Mailing Address and ZIP Code

Home Builders Assn. of No. Ky.
209 Grandview Drive
Fort Mitchell, KY 41017

Name of Employer

Date (month,
day, year)Amount of Each
Receipt This Period

Occupation

12/31/85

6000.00

Receipt For: ☐ Primary ☐ General

Other (specify): Loan Repayment

Aggregate Year-to-Date—\$

B. Full Name, Mailing Address and ZIP Code

Name of Employer

Date (month,
day, year)Amount of Each
Receipt This Period

Occupation

Receipt For: ☐ Primary ☐ General

Other (specify):

Aggregate Year-to-Date—\$

C. Full Name, Mailing Address and ZIP Code

Name of Employer

Date (month,
day, year)Amount of Each
Receipt This Period

Occupation

Receipt For: ☐ Primary ☐ General

Other (specify):

Aggregate Year-to-Date—\$

D. Full Name, Mailing Address and ZIP Code

Name of Employer

Date (month,
day, year)Amount of Each
Receipt This Period

Occupation

Receipt For: ☐ Primary ☐ General

Other (specify):

Aggregate Year-to-Date—\$

E. Full Name, Mailing Address and ZIP Code

Name of Employer

Date (month,
day, year)Amount of Each
Receipt This Period

Occupation

Receipt For: ☐ Primary ☐ General

Other (specify):

Aggregate Year-to-Date—\$

F. Full Name, Mailing Address and ZIP Code

Name of Employer

Date (month,
day, year)Amount of Each
Receipt This Period

Occupation

Receipt For: ☐ Primary ☐ General

Other (specify):

Aggregate Year-to-Date—\$

G. Full Name, Mailing Address and ZIP Code

Name of Employer

Date (month,
day, year)Amount of Each
Receipt This Period

Occupation

Receipt For: ☐ Primary ☐ General

Other (specify):

Aggregate Year-to-Date—\$

SUBTOTAL of Receipts This Page (optional)

6000.00

TOTAL This Period (last page this line number only)

6000.00

ITALIANO DISCUTIAMO

Name of Corporation (in Full)	
1	2
3	4
5	6
7	8
9	10
11	12
13	14
15	16
17	18
19	20
21	22
23	24
25	26
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75	76
77	78
79	80
81	82
83	84
85	86
87	88
89	90
91	92
93	94
95	96
97	98
99	100

Re. Ky. Housing Industry Political Action Committee of Ky. (HIPACK)

A. Full Name, Mailing Address, and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Home Builders Assn. of No. Ky. 209 Grandview Drive Fort Mitchell, KY 41017	Loan Disbursement for: ☐ Primary ☐ General ☒ Other (specify): Loan	10/31/85	6000.00
B. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Citizens for Bunning (Jim) 30 Winston Hill Road Fort Thomas, KY 41076	Campaign Contribution Disbursement for: ☐ Primary ☐ General ☐ Other (specify):	11/19/85	500.00
C. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
	Disbursement for: ☐ Primary ☐ General ☐ Other (specify):		
D. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
	Disbursement for: ☐ Primary ☐ General ☐ Other (specify):		
E. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
	Disbursement for: ☐ Primary ☐ General ☐ Other (specify):		
F. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
	Disbursement for: ☐ Primary ☐ General ☐ Other (specify):		
G. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
	Disbursement for: ☐ Primary ☐ General ☐ Other (specify):		
H. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
	Disbursement for: ☐ Primary ☐ General ☐ Other (specify):		
I. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
	Disbursement for: ☐ Primary ☐ General ☐ Other (specify):		
SUBTOTAL of Disbursements This Page (optional)			6500.00
TOTAL This Period (see page two line number 100)			6500.00



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

JUL 1 1987

Thomas Rechtin, Treasurer
Northern Kentucky Housing Industry
Political Action Committee
of Kentucky (HIPACK)
209 Grandview Drive
Fort Mitchell, KY 41017

Identification Number: C00103713

Reference: Year End Report (10/16/85-12/31/85)

Dear Mr. Rechtin:

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

-Schedule B discloses a loan in the amount of \$6,000 made to the Home Builders Association of Northern Kentucky, which was subsequently repaid and disclosed on Schedule A. You are advised that any loan repayments received are subject to the prohibitions of 11 CFR 110.4(a) and Part 114. See 11 CFR 100.7(a)(1)(i)(E). The Commission advises you to transfer-out the \$6,000 loan repayment immediately. Please inform the Commission in writing and provide a photocopy of your check or transfer. In addition, the disbursement should be itemized on Schedule B of your next report.

Although the Commission may take further legal steps concerning the acceptance of prohibited funds, prompt action on your part to refund or transfer-out any such prohibited funds will be taken into consideration.

An amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 376-2480.

Sincerely,

Anthony Raymond
Anthony Raymond
Senior Reports Analyst
Reports Analysis Division

07 JUL 16 4 57

Housing Industry Political Action Committee of Kentucky

209 Grandview Drive • Ft. Mitchell, Kentucky 41017 • (606) 331-9500

hipack

July 13, 1987

Anthony Raymond
Senior Reports Analyst
Federal Election Commission
Washington, D. C. 20463

Dear Mr. Raymond,

Reference your letter of July 1, 1987, concerning Year
End Report (10/1/85 - ;2/31/85).

At your direction, the \$6,000 loan repayment has been
transferred out. Enclosed is a photocopy of the check
accomplishing the transfer. The disbursement will be
itemized on our September 15 report.

After reviewing the sections of CFR regarding prohibitions
on loan repayments, I do not interpret them as prohibiting
the loan and its repayment in the original instance. I
would appreciate your citing the specific item in CFR
prohibiting this so I can understand it.

Sincerely,


Donald M. Wiedeman
Executive Director

DSW/nm
Enclosure



FEDERAL HOME LOAN BANK
NASHVILLE, TENNESSEE

SOUTH GATE FEDERAL
SAVINGS AND LOAN ASSOCIATION
FT. MITCHELL - EXPRESSWAY PLAZA 41017

21145

87-01/040

1984-07-19

PAY *****\$6,000 DOLLARS AND 00 CENTS DOLLARS\$ 6,000.00

THE HOME BUILDERS ASSOC. OF N. KY

OFFICIAL CHECK

Maria D. Vagt

⑆021145⑆ ⑆064000910⑆ 10010 464⑆ 0305

MEMORANDUM TO THE FILES:

COMMITTEE: Northern Kentucky Lousing Industry PAC of Kentucky
I.D. NUMBER: C00103713
CONTACT: Donald Wiedeman
DATE: 7/27/87
ANALYST: Tony Raymond
SUBJECT: Impermissible Transfer

I called Mr. Wiedeman in response to a question he posed in correspondence to the FEC. I had sent HIPACK an RFAI noting an impermissible loan repayment from its connected organization. Mr. Wiedeman had responded by asking for a specific cite about the prohibited repayment. In our phone conversation, I directed Mr. Wiedeman to 11 CFR 114.2(b). Mr. Wiedeman thanked me for responding.

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

FEDERAL ELECTION COMMISSION

87 NOV 12 PM 1:53

FIRST GENERAL COUNSEL'S REPORT

GENS. 11/12/87

RAD Referral 87L-38
Staff Maura White Callaway

SOURCE OF MUR: INTERNALLY GENERATED

RESPONDENTS: Northern Kentucky Housing Industry Political
Action Committee of Kentucky; Thomas Rehtin, as
treasurer; Home Builders Association of Northern
Kentucky

RELEVANT STATUTE: 2 U.S.C. § 441b(a)
11 C.F.R. § 100.7(a)(1)(i)(E)

INTERNAL REPORTS
CHECKED: Public Records

FEDERAL AGENCIES
CHECKED: None

I. GENERATION OF MATTER

On August 12, 1987, the Reports Analysis Division ("RAD")
referred Northern Kentucky Housing Industry Political Action
Committee of Kentucky ("HIPACK") and Thomas Rehtin, as
General Counsel (Attachment 1).

II. FACTUAL AND LEGAL ANALYSIS

A. The Facts

On October 31, 1985, HIPACK loaned \$6,000 to its reported
connected organization, the Home Builders Association of Northern
Kentucky.* On December 31, 1985, HIPACK received a repayment of
\$6,000 from the Home Builders Association of Northern Kentucky.

*/ According to the Secretary of State's Office in Kentucky,
the Home Builders Association of Northern Kentucky is
incorporated

Both transactions were disclosed in HIPACK's 1985 Year-End Report .

On July 1, 1987, RAD sent HIPACK a Request for Additional Information ("RFAI") advising HIPACK to transfer-out the funds received from the Home Builders Association of Northern Kentucky. In a response received at the Commission on July 16, 1987, HIPACK's Executive Director stated that the \$6,000 in question had been transferred out, and enclosed a copy of a \$6,000 check payable to the Home Builders Association of Northern Kentucky, dated July 14, 1987.

B. The Applicable Law

Pursuant to 2 U.S.C. § 441b(a), it is unlawful for a corporation to make a contribution or expenditure in connection with any election for federal office, and it is unlawful for any political committee knowingly to accept or receive any contribution prohibited under this section. For purposes of 2 U.S.C. § 441b the term "contribution or expenditure" shall include any advance, deposit, or gift of money, or any services, or anything of value to any committee. See also 11 C.F.R. § 114

As set forth at 11 C.F.R. § 100.7(a)(1)(i)(E) if a political committee makes a loan to any person, such loan shall be subject to the limitations of 11 C.F.R. § 110. Repayment of the principal of such loan to such political committee shall not be a contribution by the debtor to the lender committee. Such repayment shall be made with funds which are subject to the

prohibitions of 11 C.F.R. §§ 110.4(a) and 114. The payment of interest to such committee by the debtor shall be a contribution only to the extent that the interest paid exceeds a commercially reasonable rate prevailing at the time the loan is made. All payments of interest shall be made from funds subject to the prohibitions of 11 C.F.R. § 110.4(a) and § 114.

C. Application of the Law to the facts

The information in hand indicates that HIPACK accepted \$6,000 into its account from a corporation, the Home Builders Association of Northern Kentucky. Although such funds represented a loan repayment to HIPACK from the Home Builders Association of Northern Kentucky, the Commission's regulations at 11 C.F.R. § 100.7(a)(1)(i)(E) specifically state that repayment of the principal of a loan made by a political committee can only be made with funds subject to the prohibitions of 11 C.F.R. § 114 and § 110.4(a). In the event the repayment is made with prohibited funds, the repayment is deemed a contribution by the debtor to the lender.

In the instant matter, the funds used to repay the loan constituted corporate funds which are prohibited under 11 C.F.R. § 114 and 2 U.S.C. § 441b(a). The subsequent transfer-out of the loan repayment by HIPACK does not vitiate the violation because 18 months elapsed before the transfer-out was accomplished. Accordingly, it is the recommendation of this Office that the Commission open a MUR and find reason to believe HIPACK and Thomas Rechten, as treasurer, violated 2 U.S.C. § 441b(a) by

accepting a contribution in the form of a loan repayment containing prohibited funds. and reason to believe the Home Builders Association of Northern Kentucky violated 2 U.S.C. § 441b(a) by making a contribution to HIPACK when it used treasury funds to finance the loan repayment.

III. RECOMMENDATIONS

1. Open a Matter Under Review.
2. Find reason to believe the Northern Kentucky Housing Industry Political Action Committee of Kentucky, Thomas Rechten, as treasurer, and the Home Builders Association of Northern Kentucky violated 2 U.S.C. § 441b(a).
3. Approve the attached letters and General Counsel's Factual and Legal Analyses.

Date

11/10/57

Lawrence M. Noble
General Counsel

Attachments

1. RAD Referral
2. Letters(2) and Analysis(2)

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

Northern Kentucky Housing Industry Political)
Action Committee of Kentucky; Thomas Rechten,)
as treasurer; Home Builders Association of)
Northern Kentucky)

RAD Ref. 87L-38

(F 46 3047)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on November 17, 1987, the Commission decided by a vote of 6-0 to take the following actions in RAD Ref. 87L-38:

1. Open a Matter Under Review.
2. Find reason to believe the Northern Kentucky Housing Industry Political Action Committee of Kentucky, Thomas Rechten, as treasurer, and the Home Builders Association of Northern Kentucky violated 2 U.S.C. § 441b(a).
3. Approve the letters and General Counsel's Factual and Legal Analyses, as recommended in the General Counsel's report signed November 10, 1987.

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

Attest:

11-17-87

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

Received in the Office of Commission Secretary: Thurs., 11-12-87,
Circulated on 48 hour tally basis: Fri., 11-13-87,
Deadline for vote: Tues., 11-17-87,



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20461

November 23, 1987

Thomas Rechten, Treasurer
Northern Kentucky Housing Industry
Political Action Committee of
Kentucky
209 Grandview Drive
Fort Mitchell, KY 41017

RE: MUR 2547
Northern Kentucky Housing
Industry Political Action
Committee of Kentucky and
Thomas Rechten, as
treasurer

Dear Mr. Rechten:

On November 17, 1987, the Federal Election Commission found that there is reason to believe the Northern Kentucky Housing Industry Political Action Committee of Kentucky ("Committee") and you, as treasurer, violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against the Committee and you, as treasurer. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against the 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

Letter to Thomas Rechten, Treasurer
Page 2

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 pre-probable cause conciliation not be entered into at this time

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 the General Counsel ordinarily will not 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 authorizing such counsel to receive any notifications and other communications from the Commission.

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 investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Maura White Callaway, the staff member assigned to this matter, at (202) 376-8200

Sincerely,



Scott E. Thomas
Chairman

Actual and Legal Analysis

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Northern Kentucky Housing
Industry Political Action
Committee of Kentucky "HIPACK"

MUR 2547

Kentucky. On December 31, 1985, HIPACK received a repayment of \$6,000 from the Home Builders Association of Northern Kentucky. Both transactions were disclosed in HIPACK's 1985 Year-End Report.

On July 1, 1987, RAD sent HIPACK a Request for Additional Information ("RFA") advising HIPACK to transfer-out the funds received from the Home Builders Association of Northern Kentucky.

A response received at the Commission on July 16, 1987,

HIPACK's Executive Director stated that the \$6,000 in question had been transferred out, and enclosed a copy of a \$6,000 check

dated July 14, 1987.

Pursuant to 2 U.S.C. § 441b(a), it is unlawful for a person to make a contribution or expenditure in connection

* According to the Secretary of State's Office in Kentucky, the Home Builders Association of Northern Kentucky is incorporated.

2 U.S.C. § 441b the term "contribution or expenditure" shall include any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything

to the limitations of 11 C.F.R. § 110. Repayment of the principal of such loan to such political committee shall not be a contribution by the debtor to the lender committee. Such repayment shall be made with funds which are subject to the prohibitions of 11 C.F.R. §§ 110.4(a) and 114. The payment of interest to such committee by the debtor shall be a contribution only to the extent that the interest paid exceeds a commercially reasonable rate prevailing at the time the loan is made. All payments of interest shall be made from funds subject to the prohibitions of 11 C.F.R. § 110.4(a) and § 114.

CONFIDENTIAL SOURCE

prohibited funds, the repayment is deemed a contribution by the debtor to the lender.

In the instant matter, the funds used to repay the loan

violation because 18 months elapsed before the transfer-out was accomplished. Accordingly, there is reason to believe HIPACK and Thomas Rechtin, as treasurer, violated 2 U.S.C. § 441b(a) by

using a contribution in the form of a loan agreement
returning prohibited funds.



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20461

November 23, 1987

Home Builders Association
of Northern Kentucky
209 Grandview Drive
Fort Mitchell, KY 41017

RE: MUR 2547
Home Builders Association of
Northern Kentucky

Dear Sir or Madam:

On November 17, 1987, the Federal Election Commission found that there is reason to believe the Home Builders Association of Northern Kentucky ("HBAK") violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The 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 HBAK. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against HBAK, 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 pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

Letter to Home Builders Association of Northern Kentucky
Page 2

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

Other communications from the Commission.

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 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 Mauri White Callaway, the staff member assigned to this matter, at (202) 376-8200.

Sincerely,



Scott E. Thomas
Chairman

Enclosure

Factual and Legal Analysis
Procedures
Designation of Counsel Form

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Home Builders Association
of Northern Kentucky

MUR 2547

Political Action Committee of Kentucky ("HIPACK") loaned \$6,000
to the Home Builders
Association of Northern Kentucky.* On December 31, 1985, HIPACK
received a repayment of \$6,000 from the Home Builders Association
of Northern Kentucky. Both transactions were disclosed in
HIPACK's 1985 Year-End Report.

On July 1, 1987, RAD sent HIPACK a Request for Additional
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In a response received at the Commission on July 16, 1987,
HIPACK's Executive Director stated that the \$6,000 in question
had been transferred out, and enclosed a copy of a \$6,000 check
payable to the Home Builders Association of Northern Kentucky,
dated July 14, 1987.

Pursuant to 2 U.S.C. § 441b(a), it is unlawful for a
corporation to make a contribution or expenditure in connection
with any election for federal office, and it is unlawful for any
individual to be
contribution prohibited under this section. For purposes of

* According to the Secretary of State's Office in Kentucky,
the Home Builders Association of Northern Kentucky is
incorporated.

2 U.S.C. § 441b the term "contribution or expenditure" shall include any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything

to the limitations of 11 C.F.R. § 110. Repayment of the principal of such loan to such political committee shall not be a contribution by the debtor to the lender committee. Such repayment shall be made with funds which are subject to the prohibitions of 11 C.F.R. §§ 110.4(a) and 114. The payment of interest to such committee by the debtor shall be a contribution only to the extent that the interest paid exceeds a commercially reasonable rate prevailing at the time the loan is made. All payments of interest shall be made from funds subject to the prohibitions of 11 C.F.R. § 110.4(a) and § 114.

The information in hand indicates that HIPACK accepted \$6,000 into its account from a corporation, the Home Builders Association of Northern Kentucky. Although such funds

prohibited funds, the repayment is deemed a contribution by the debtor to the lender.

In the instant matter, the funds used to repay the loan

violation because 18 months elapsed before the transfer-out was accomplished. Accordingly, there is reason to believe the Home Builders Association of Northern Kentucky violated 2 U.S.C.

§ 441b(a) by making a contribution to HIMPAC when it used treasury funds to finance the loan repayment.

100-4901

ZIEGLER & SCHNEIDER, P S C
ATTORNEYS AT LAW

WILBERT L. ZIEGLER
DAVID A. SCHNEIDER
T.J. BRANDT
WILLIAM J. DEUPREE, III
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200 COVINGTON MUTUAL BUILDING
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TELEPHONE (606) 525-7797

GREGORY W. HUGHES
898-858
ANDREW W. CLARK
914-967
D. COLLINS LEE
888-849

REPLY TO

December 4, 1987

Federal Election Commission
Washington, D.C. 20463

Attention: Maura White Callaway

RE: MUR 2547 Homebuilders Association of Northern Kentucky

Dear Ms. Callaway:

Enclosed please find the Statement of Designation of Counsel executed on behalf of the Homebuilders Association of Northern Kentucky, designating the firm of Ziegler & Schneider, P.S.C. as counsel and the undersigned and David A. Schneider as the attorneys within the firm handling the matter.

The Homebuilders Association of Northern Kentucky hereby requests preprobable cause conciliation pursuant to 11 C.F.R. Section 111.18(d). I would like to discuss the procedures with you by telephone and would appreciate a call from you upon your receipt of the Statement of Designation of Counsel. My telephone number is (606) 581-4553. Otherwise I will permit a sufficient number of days to elapse for you to receive the Designation and telephone you.

Very truly yours.

Joseph L. Baker
For ZIEGLER & SCHNEIDER, P.S.C.

JLB:als

Enclosure

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF THE CLERK
07 DEC -7 PM 1:40

STATEMENT OF DESIGNATION OF COUNSEL

MUR 547

NAME OF COUNSEL: Ziegler & Schneider, P.S.C.
Joseph L. Baker and David A. Schneider

ADDRESS: 200 Covington Mutual Building
629 Madison Avenue
Covington, Kentucky 41011

TELEPHONE: (606) 581-4554

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.

HOMEBUILDERS ASSOCIATION OF NORTHERN
KENTUCKY

December 8, 1987
Date

By: [Signature]
Signature - Executive Director

RESPONDENT'S NAME: Homebuilders Association of Northern Kentucky

ADDRESS: 209 Grandview Drive
Fort Mitchell, Kentucky 41017

HOME PHONE: _____

BUSINESS PHONE: 331-9500

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

68 JAN -5 PM 1:18

In the Matter of)
Northern Kentucky Housing) MUR 2547
Industry Political Action)
Committee of Kentucky; Thomas Rechten,)
as treasurer; Home Builders Association)
of Northern Kentucky)

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On November 17, 1987, the Commission found reason to believe the Northern Kentucky Housing Industry Political Action Committee of Kentucky and Thomas Rechten, as treasurer, violated 2 U.S.C. § 441b(a) by accepting a contribution from its reported connected organization, the Home Builders Association of Northern Kentucky, in the form of a loan repayment containing prohibited funds. The Commission also found reason to believe that the Home Builders Association of Northern Kentucky violated 2 U.S.C. § 441b(a) by making a contribution to the Northern Kentucky Housing Industry Political Action Committee of Kentucky when it used prohibited funds to finance the above loan repayment. Notification of the Commission's findings was mailed to the respondents on November 23, 1987. On December 7, 1987, a letter was received from counsel for the respondents requesting that this matter be settled through conciliation prior to a finding of probable cause to believe (Attachment 1).*

*/ Although the letter addresses only the Home Builders Association of Northern Kentucky, counsel stated to staff of this Office during a telephone conversation that the request was also on behalf of the Northern Kentucky Housing Industry Political Action Committee of Kentucky.

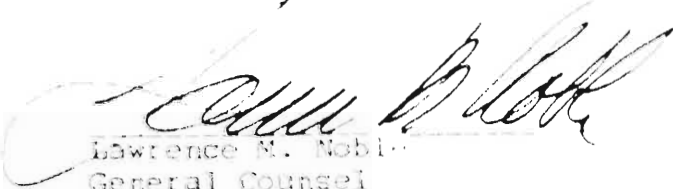
II. DISCUSSION OF CONCILIATION PROVISIONS AND CIVIL PENALTIES

III. RECOMMENDATIONS

1. Enter into conciliation with the Northern Kentucky Housing Industry Political Action Committee of Kentucky, Thomas Rechten, as treasurer, and the Home Builders Association of Northern Kentucky prior to findings of probable cause to believe.
2. Approve the attached conciliation agreements and letter.

Date

1/5/88


Lawrence M. Noble
General Counsel

Attachments

- 1- Letter from Baker
- 2- Proposed agreements (2) and letter

Staff Person: Maura Callaway

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
)
Northern Kentucky Housing)
Industry Political Action)
Committee of Kentucky; Thomas Rechten,) MUR 2547
as treasurer; Home Builders Association)
of Northern Kentucky)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on January 11, 1988, the Commission decided by a vote of 6-0 to take the following actions on MUR 2547:

1. Enter into conciliation with the Northern Kentucky Housing Industry Political Action Committee of Kentucky, Thomas Rechten, as treasurer, and the Home Builders Association of Northern Kentucky prior to findings of probable cause to believe.
2. Approve the conciliation agreements and letter, as recommended in the General Counsel's Report signed January 5, 1988.

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

Attest:

1-11-88

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

Received in the Office of Commission Secretary:	Tues.,	01-05-88,	1:13
Circulated on 48 hour tally basis:	Wed.,	01-06-88,	11:00
Deadline for vote:	Fri.,	01-08-88,	11:00
Extended Deadline; Commission Closed on:	Fri.,	01-11-88,	11:00



FEDERAL ELECTION COMMISSION

WASHINGTON

January 14, 1988

Joseph Baker, Esquire
Ziegler and Schneider, P.S.C.
200 Covington Mutual Building
629 Madison Avenue
Covington, KY 41011

RE: MUR 2547
Home Builders Association of
Northern Kentucky; Northern
Kentucky Housing Industry
Political Action Committee of
Kentucky; Thomas Rechten, as
treasurer

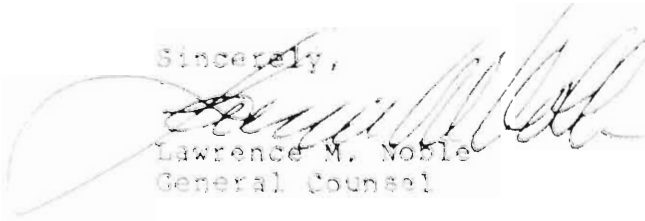
Dear Mr. Baker:

On November 17, 1987, the Federal Election Commission found reason to believe that your clients violated 2 U.S.C. § 441b(a). At your request, on January 11, 1988, the Commission determined to enter into negotiations directed towards reaching conciliation agreements in settlement of this matter prior to a finding of probable cause to believe.

Enclosed are two 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 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 agreements, or if you wish to arrange a meeting in connection with mutually satisfactory conciliation agreements, please contact Maura White Callaway, the staff member assigned to this matter, at (202) 376-8200.

Sincerely,


Lawrence M. Noble
General Counsel

Enclosures
Conciliation Agreements

BEFORE THE FEDERAL ELECTION COMMISSION

-7- 1:07

In the Matter of

Northern Kentucky Housing Industry) MCR 2547
Political Action Committee of)
Kentucky; Thomas Rechten,)
as treasurer;)
Home Builders Association of)
Northern Kentucky)

GENERAL COUNSEL'S REPORT

I. BACKGROUND

Attached are signed conciliation agreements submitted on behalf of Northern Kentucky Housing Industry Political Action Committee of Kentucky and Thomas Rechten, as treasurer, and the Home Builders Association of Northern Kentucky (Attachment 1).

II. RECOMMENDATIONS

1. Accept the conciliation agreements with the Northern Kentucky Housing Industry Political Action Committee of Kentucky and Thomas Rechten, as treasurer, and the Home Builders Association of Northern Kentucky.

2. Approve the attached letter.
3. Close the file.

Lawrence M. Noble
General Counsel

Date

3/4/85

BY:


Lois G. Lerner
Associate General Counsel

Attachments

1. Conciliation Agreements
2. Proposed letter

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of:)
)
Northern Kentucky Housing Industry) MUR 2547
Political Action Committee of)
Kentucky; Thomas Rechten,)
as Treasurer;)
Home Builders Association of)
Northern Kentucky)
)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on March 10, 1988, the Commission decided by a vote of 5-0 to take the following actions in MUR 2547:

1. Accept the conciliation agreements with the Northern Kentucky Housing Industry Political Action Committee of Kentucky and Thomas Rechten, as treasurer, and the Home Builders Association of Northern Kentucky, as recommended in the General Counsel's report signed March 4, 1988.
2. Approve the letter, as recommended in the General Counsel's report signed March 4, 1988.

(Continued)

Federal Election Commission
Certification for MUR 2547
March 10, 1988

Page 2

3. Close the file.

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

Attest:

3/10/88

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

Received in the office of Commission Secretary:	Mon., 3-7-88, 1
Circulated on 48 hour tally basis:	Tues., 3-8-88, 11
Deadline for vote:	Thurs., 3-10-88, 11



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20543

March 14, 1988

Joseph Baker, Esquire
Ziegler and Schneider, P.S.C.
200 Covington Mutual Building
629 Madison Avenue
Covington, Kentucky 41011

RE: MUR 2547
Northern Kentucky Housing
Industry Political Action
Committee of Kentucky; Thomas
Rechtin, as treasurer; Home
Builders Association of
Northern Kentucky

Dear Mr. Baker:

On March 10, 1988, the Federal Election Commission accepted the signed conciliation agreements submitted on your clients behalf in settlement of a violation of 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter. This matter will become a part of the public record within 30 days. If you wish to submit any factual or legal materials to appear on the public record, please do so within ten days. Such materials should be sent to the Office of the General Counsel.

Please be advised that information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B). The enclosed conciliation agreements, however, will become a part of the public record.

Enclosed you will find a copy of each of the fully executed conciliation agreements for your files. If you have any questions, please contact Maura White Callaway, the staff member assigned to this matter, at (202) 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel



BY: Lois G. Lerner
Associate General Counsel

Enclosure
Conciliation Agreements

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Northern Kentucky) MUR 254
Housing Industry Political Action)
Committee of Kentucky;)
Thomas Rechten, as treasurer)

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("the Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe that the Northern Kentucky Housing Industry Political Action Committee of Kentucky and Thomas Rechten, as treasurer, ("Respondents") violated 2 U.S.C. § 441b(a).

NOW, THEREFORE, the Commission and the Respondents, 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 Respondents 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. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter

III. Respondents enter voluntarily into this agreement with the Commission.

1. Respondent, Northern Kentucky Housing Industry Political Action Committee of Kentucky, is a political committee within the meaning of 2 U.S.C. § 431(4).

2. Respondent, Thomas Rechten, is the treasurer of Northern Kentucky Housing Industry Political Action Committee of Kentucky.

3. On October 31, 1985, Respondents loaned \$6,000 to the Home Builders Association of Northern Kentucky.

4. On December 31, 1985, Respondents received a repayment of \$6,000 from the Home Builders Association of Northern Kentucky, an incorporated entity.

5. On July 14, 1987, Respondents issued a check to the Home Builders Association of Northern Kentucky in the amount of \$6,000.

6. Pursuant to 2 U.S.C. § 441b(a) and 11 C.F.R. § 114, it is unlawful for a corporation to make a contribution or expenditure in connection with any election for federal office, and it is unlawful for any political committee knowingly to accept or receive any contribution prohibited under this section.

7. As set forth at 11 C.F.R. § 100.7(a)(1)(i)(E), if a political committee makes a loan to any person, such loan shall be subject to the limitations of 11 C.F.R. § 110. Repayment of principal of such loan to such political committee shall not be a contribution by the debtor to the lender committee. Such repayment shall be made with funds which are subject to the prohibitions of 11 C.F.R. §§ 110.4(a) and 114.

V. Respondents accepted a contribution from the Home Builders Association of Northern Kentucky in the form of a loan repayment containing prohibited funds, in violation of 2 U.S.C. 441b(a)

VI. Respondents will pay a civil penalty to the Federal Election Commission in the amount of one Thousand dollars (\$1,000), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. 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.

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

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

X. 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 enforceable.

FOR THE COMMISSION:

Lawrence M. Noble
General Counsel

2/14/88
Date

FOR THE RESPONDENTS:

Thomas Rechin
Thomas Rechin, Treasurer
Northern Kentucky Housing
Industry Political Action
Committee of Kentucky

Date

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Home Builders Association) MUR 2547
of Northern Kentucky)
)

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("the Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe that the Home Builders Association of Northern Kentucky ("Respondent") violated 2 U.S.C. § 441b(a).

NOW, THEREFORE, the Commission and the 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)(1)(A) III

II. Resp:

demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission

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

1. Respondent, Home Builders Association of Northern Kentucky, is an incorporated entity.

2. On October 31, 1985, the Northern Kentucky Housing Industry Political Action Committee of Kentucky loaned \$6,000 to the Respondent.

3. On December 31, 1985, the Northern Kentucky Housing Industry Political Action Committee of Kentucky received a \$6,000 repayment from the Respondent.

4. On July 14, 1987, the Northern Kentucky Housing Industry Political Action Committee of Kentucky issued a check to the Respondent in the amount of \$6,000.

5. Pursuant to 2 U.S.C. § 441b(a) and 11 C.F.R. § 114, it is unlawful for a corporation to make a contribution or expenditure in connection with any election for federal office, and it is unlawful for any political committee knowingly to accept or receive any contribution prohibited under this section.

6. As set forth at 11 C.F.R. § 100.7(a)(1)(i)(E), a political committee makes a loan to any person, such loan shall be subject to the limitations of 11 C.F.R. § 110. Repayment of the principal of such loan to such political committee shall not be a contribution by the debtor to the lender committee. Such repayment shall be made with funds which are subject to the prohibitions of 11 C.F.R. §§ 110.4(a) and 114.

V. Respondent made a prohibited contribution to the Northern Kentucky Housing Industry Political Action Committee of Kentucky when it used treasury funds to finance a loan repayment, in violation of 2 U.S.C. § 441b(a).

VI. Respondent will pay a civil penalty to the Federal Election Commission in the amount of One Thousand dollars (\$1,000), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. 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.

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

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

X. 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 enforceable.

FOR THE COMMISSION:

Lawrence M. Noble (H) 3/14/88
Lawrence M. Noble Date
General Counsel

FOR THE RESPONDENT:

Home Builders Association of Northern Kentucky 3/14/88
Home Builders Association of Northern Kentucky Date



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR #

2547

DATE FILMED

4/23/88

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

/N 8.25.48

THE FOLLOWING MATERIAL IS BEING ADDED TO THE
PUBLIC FILE OF CLOSED MUR 2547 .

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MAIL ROOM

88 APR 11 PM 5:02

ZIEGLER & SCHNEIDER, P.S.C.

ATTORNEYS AT LAW

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629 MADISON AVENUE

COVINGTON, KENTUCKY 41011

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MICHAEL A. DUNCAN
LORI JEAN FIELDS-LEE

GREGORY W. HUGHES
1898-1958

ANDREW W. CLARK
1914-1967

D. COLLINS LEE
1888-1949

REPLY TO:
COVINGTON

April 8, 1988

Maura White Callaway, Esq.
Federal Election Commission
Washington, D.C. 20463

RE: MUR 2547

Northern Kentucky Housing Industry Political Action Committee
of Kentucky; Thomas Rehtin, as treasurer; Home Builders
Association of Northern Kentucky

Dear Ms. Callaway:

In accordance with the Conciliation Agreements entered into between the parties in the above referenced matter, enclosed please find two checks each payable to the Federal Election Commission in the amount of \$1,000.00, representing penalties agreed to under the Conciliation Agreements. I trust that this will close the matter. If there are other unattended to items, please advise. I appreciate your cooperation in the handling of this matter.

Very truly yours,

Joseph L. Baker

Joseph L. Baker
For ZIEGLER & SCHNEIDER, P.S.C.

JLB:nls

cc Mr. Don Wiedeman

88 APR 13 PM 3:32

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF THE CLERK

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6
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