FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 2596

DATE FILMED 11-18-88 CAMERA NO. 3

CAMERAMAN P.C.

88040723356

DS87-24

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 30, 1987

TO : LAWRENCE M. NOBLE
GENERAL COUNSEL

THROUGH : JOHN C. SURINA
STAFF DIRECTOR

FROM : JOHN D. GIBSON
ASSISTANT STAFF DIRECTOR, RAD

SUBJECT : DEBT SETTLEMENT REFERRAL

I. DEBTOR: Canada for Congress Committee '86
(C00197566)
John W. Kerr Jr., Treasurer
1062 Laskin Road, Suite 12A
Virginia Beach, VA 23451

II. CREDITOR: A. Davis & Phillips
Jerry Davis, Owner
109 East Main Street
Norfolk, VA 23510

B. Holiday Inn Executive Center
5655 Greenwich Road
Virginia Beach, VA 23462

C. James Bryan
702 Redgate Avenue, Apt. 1
Norfolk, VA 23501

D. U.S. Flag & Signal Company
Pallee Bistrup, Owner
129 Pennsylvania Avenue
Virginia Beach, VA 23452

E. McKendree & Co.
P.O. Box 6223
Norfolk, VA 23508

F. Print & Mail
Helen Slusher, President
4356 Holland Plaza Shopping Center
Virginia Beach, VA 23452

III. DEBT INFORMATION

Attached are six (6) debt settlement statements submitted August 5, 1987 by the Canada for Congress Committee '86 (the "Committee") with the above-referenced companies and individual. Further information regarding these debt settlements was submitted on September 22, 1987 in response to a phone call made on September 14, 1987.[1] Additional information was submitted on November 3, 1987, in response to a Request for Additional Information and Second Notice sent on October 7, 1987 and October 29, 1987 respectively. The following is a detailed account of each debt being referred.

A. CREDITOR: Davis & Phillips

- The amount of the original debt. $1,469
- The year and report on which the committee first incurred or began to incur a debt to the creditor. 1986 April Quarterly Report
- The amount paid by the committee, excluding any payment for the settlement of the balance owed. $700
- The percentage of original debt paid off by the committee, excluding any payment for the settlement of the balance owed. 48%

- The amount of the outstanding balance. $769
- The amount offered in settlement of the balance. $0
- The amount of balance forgiven. $769
- The percentage of balance forgiven. 100%

- The total amount paid by the committee including any settlement amount. $700
- The percentage of original debt forgiven. 52%

B. CREDITOR: Holiday Inn Executive Center

- The amount of the original debt. $6,101
- The year and report on which the committee first incurred or began to incur a debt to the creditor. 1986 July Quarterly Report
- The amount paid by the committee, excluding any payment for the settlement of the balance owed. $3,552
- The percentage of original debt paid off by the committee, excluding any payment for the settlement of the balance owed. 58%

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[1] It was unclear on the original debt settlement submission which debts were "in-kind" contributions and which were debt settlement requests. The Reports Analysis Division analyst phoned the Committee to determine which were "in-kind" contributions and which were debt settlement requests.

- The amount of the outstanding balance. $2,549
- The amount offered in settlement of the balance. $0
- The amount of balance forgiven. $2,549
- The percentage of balance forgiven. 100%

- The total amount paid by the committee including any settlement amount. $3,552
- The percentage of original debt forgiven. 42%

C. CREDITOR: James Bryan

- The amount of the original debt. $897
- The year and report on which the committee first incurred or began to incur a debt to the creditor. 1986 30 Day Post-General Report
- The amount paid by the committee, excluding any payment for the settlement of the balance owed. $0
- The percentage of original debt paid off by the committee, excluding any payment for the settlement of the balance owed. 0%

- The amount of the outstanding balance. $897
- The amount offered in settlement of the balance. $0
- The amount of balance forgiven. $897
- The percentage of balance forgiven. 100%

- The total amount paid by the committee including any settlement amount. $0
- The percentage of original debt forgiven. 100%

D. CREDITOR: U.S. Flag & Signal Company

- The amount of the original debt. $89
- The year and report on which the committee first incurred or began to incur a debt to the creditor. 1986 October Quarterly Report
- The amount paid by the committee, excluding any payment for the settlement of the balance owed. $0
- The percentage of original debt paid off by the committee, excluding any payment for the settlement of the balance owed. 0%

- The amount of the outstanding balance. $89
- The amount offered in settlement of the balance. $0
- The amount of balance forgiven. $89
- The percentage of balance forgiven. 100%

- The total amount paid by the committee including any settlement amount. $0
- The percentage of original debt forgiven. 100%

E. CREDITOR: McKendree and Co.

- The amount of the original debt. $1,642
- The year and report on which the committee first incurred or began to incur a debt to the creditor. 1986 July Quarterly Report
- The amount paid by the committee, excluding any payment for the settlement of the balance owed. $0
- The percentage of original debt paid off by the committee, excluding any payment for the settlement of the balance owed. 0%

- The amount of the outstanding balance. $1,642
- The amount offered in settlement of the balance. $0
- The amount of balance forgiven. $1,642
- The percentage of balance forgiven. 100%

- The total amount paid by the committee including any settlement amount. $0
- The percentage of original debt forgiven. 100%

F. CREDITOR: Print & Mail

- The amount of the original debt. $5,096
- The year and report on which the committee first incurred or began to incur a debt to the creditor. 1986 30 Day Post-General Report
- The amount paid by the committee, excluding any payment for the settlement of the balance owed. $2,300
- The percentage of original debt paid off by the committee, excluding any payment for the settlement of the balance owed. 45%

- The amount of the outstanding balance. $2,796
- The amount offered in settlement of the balance. $0
- The amount of balance forgiven. $2,796
- The percentage of balance forgiven. 100%

- The total amount paid by the committee including any settlement amount. $2,300
- The percentage of original debt forgiven. 55%

IV. COMMITTEE'S BACKGROUND

- 1985-1986 total election cycle receipts. $683,739
- 1985-1986 total election cycle disbursements. $683,702
- 1987-1988 total election cycle receipts. $7,316
- 1987-1988 total election cycle disbursements. $7,011

- Total cash-on-hand as of 6/30/87. $340
- Total amount of debt owed to the committee, if any. $0
- Total amount of debts outstanding (excluding the amount of the debt(s) being settled). $3,307
- Total number of creditors. 7
- The amount of any debt owed to the candidate by the committee. $0
- The last new report filed. 1987 Mid-Year Report

V. OTHER RELEVANT INFORMATION

The debt owed to James Bryan is included in the debt settlement referral because the Committee submitted the debt for debt settlement review; however, the debt may be considered exempt activity under 11 CFR 100.7(b)(8).

The candidate has forgiven the loans which the Committee owes him totalling $45,225. These loans are from personal funds.

If you have any further questions, please contact Robin Walls at 376-2480.

Attachments

CANADA
CONGRESS

July 30, 1987

The Clerk
U. S. House of Representatives
Office of Records and Registration
1036 Longworth House Office Building
Washington, D. C. 20515-6612

Re: CANADA FOR CONGRESS COMMITTEE '86
IDENTIFICATION NUMBER 115363

Dear Sir:

Certain creditors have agreed to settle their debt by forgiving same. Some of the creditors have sent statements or invoices to the campaign for the payment of their bills, and the campaign has made an ernest effort to pay the creditors through fund-raising efforts. The names, addresses and amounts of the creditors who have agreed to settle their campaign debts, realizing the campaign is insolvent, are as follows:

1) Davis & Phillips, 109 E. Main Street, Norfolk, VA 23510; amount owing and amount of settlement: $769.80

Davis & Phillips is a company who drafted a brochure which the campaign never used. Jerry Davis, the owner of the company and a friend of the candidate, has agreed to forgive the debt as in in-kind contribution.

2) Holiday Inn Executive Center, 5655 Greenwich Road, Virginia Beach, Virginia 23462; amount owing and amount of settlement: $2,548.[illegible].

Various events and meetings were held at this facility throughout the campaign. They have agreed to forgive the debt in its entirety because a great deal of money was spent at the establishment throughout the campaign for the various events held there.

3) James Bryan, 702 Redgate Avenue, Apartment #1, Norfolk, VA 23501; amount owing and amount of settlement: $897.08.

Mr. Bryan incurred certain costs for campaign travel on his credit card. He is a friend of the candidate and has agreed to forgive the debt in its entirety.

4) Clevelands, 2913 Queen Ci.., Road, Chesapeake, VA 23325; amount owing and agreed amount of settlement: $90.00.

88040337691

Clevelands is a soft drink beverage company and originally this debt should have been listed as an in-kind contribution; the proprietor, Mickey Cleveland, is a friend of the candidate and said a statement for the soft drinks never should have been sent to the campaign and, therefore, has agreed to contribute the costs of the soft drinks as an in-kind contribution.

5) Jack W. Kerr, Jr., 234 Monticello Avenue, Suite 1100, Norfolk, Virginia; amount owing and agreed amount of settlement $737.76.

Mr. Kerr sponsored a luncheon at the Town Point Club on his membership card. He is a friend of the candidate and has agreed to forgive the debt as an in-kind contribution from his wife.

6) U. S. Flag & Signal, 129 Pennsylvania Avenue, Virginia Beach, Virginia 23452; amount owing and amount of settlement: $88.55.

The proprietor of this business is a friend of the candidate and has agreed to forgive this entire debt as an in-kind contribution.

7) McKendree & Co., P. O. Box 6223, Norfolk, VA 23508; amount owing and amount of settlement: $1,642.48.

The campaign leased its copy machine from this company and money was paid to the company during the campaign for supplies and maintenance of the copy equipment. The owner of the company is a friend of the candidate and has agreed to forgive the remainder of the debt.

8) Print & Mail, 4356 Holland Plaza Shopping Center, Virginia Beach, Virginia 23452; amount owing and amount of settlement $2,796.00.

SEE ATTACHED LETTER FROM PRINT & MAIL.

9) Admiral Vincent Lascara, Jonathan Corp., 103 - 3rd Street, Norfolk, VA 23510; amount owing and amount of settlement: $813.43.

Admiral Lascara sponsored an event for the campaign at Town Point Club on his membership card. He is a friend of the candidate and has agreed to forgive the debt as an in-kind contribution from his wife.

10) American Maritime Officers Service, 923 - 15th Street, N.W., Washington, D. C.; amount inadvertently listed as a debt $300.00.

This association sponsored an event for the candidant and the $300.00 was for the catering service; this association never sent the campaign a bill but a statement for in-kind contribution purpose; the statement was inadvertently listed instead as a debt.

Sincerely,

Sandra M. Labouchue

Sandra M. Labouchue

Assistant Campaign Treasurer

87013371614

PRINT & MAIL

4356 Holland Plaza Shopping Center, Virginia Beach, Virginia 23452 (804) [illegible]

Joe Canada for Congress '86

June 30, 1987

This is to advise you that your campaign debt owing in the amount of $2796.00 has been forgiven.

We will send monthly statement for book purposes but debt will no longer be applied on Print & Mails books.

I consider the debt as being settled in full by forgiving said debt.

Helen Slusher, President
Print & Mail

MEMORANDUM TO FILES: DATE: 9/14/87

TELECON __X___
VISIT_________

NAME OF COMMITTEE: Canada for Congress Cmte. '86

SUBJECT: Debt Settlement information regarding corporate contributions

FEC REP: Robin M. Walls

COMMITTEE REP: Sandi Lahouchuc (804) 422-8833

I phoned Sandi Lahouchuc on Sept. 14, 1987, asking if the debt settlement statements filed by the Canada for Congress Cmte '86 (the Committee) were actually debt settlements or in-kind contributions. She stated they were debts that were in-kind but settled between the Cmte. and business. I informed her that if they are in-kind contributions from a corporation, they are illegal contributions. You cannot receive contributions from a corporation. Only separate segregated funds of corporations. She stated she would amend her report noting that these are not in-kind contributions, but debt settlements.

Also, I asked if one of the debt settlements was with Admiral Lascara or Jonathan Corporation. She said Admiral Lascara. I told her she should note that in her amended debt settlement.

On September 15, 1987, the finance director to the Canada for Congress Cmte phoned to question the problems with the Canada debt settlement. I informed him of the information above which I gave Sandi Lahouchuc. Also, I told him he needs to provide the <u>specific</u> steps the creditor took to collect the debt, if the settlements took place in the normal course of business, and if the creditors are in agreement of the settlement. I told the finance director, I have letters to send him requesting the above information, but I will hold them for two weeks. If I have not received a response from him, the letter will be mailed to him.

SEP 18 1987

REGULAR MAIL

87 SEP 22 AM 11:10

JOE CANADA CONGRESS

A STRONG, EFFECTIVE, INDEPENDENT VOICE IN CONGRESS

[illegible] Park Drive, Suite [illegible], Virginia Beach, VA [illegible] [illegible]

September 15, 1987

The Clerk
U.S. House of Representatives
Office of Records and Registration
1036 Longworth House Office Building
Washington, D.C. 20515-6612

Re: CANADA FOR CONGRESS COMMITTEE '86
IDENTIFICATION NUMBER 115363

Dear Sir:

This follow-up letter is pertaining to certain points in the June 30, 1987 report regarding debt settlement with our creditors, as per conversation with Robin Walls, FEC Compliance Officer for Virginia and Peter Lawrence, former Finance Director for the campaign.

1) Davis & Phillips, 109 E. Main Street, Norfolk, VA 23510; amount owing and amount of settlement: $769.00.

Davis & Phillips is a company who drafted a brochure which the campaign never used. Davis & Phillips has been sending statements regarding our outstanding balance for approximately one year before agreeing to write off the account. Jerry Davis, owner of the company, is in agreement to the debt settlement.

2) Holiday Inn Executive Center, 5655 Greenwich Road, Virginia Beach, Virginia 23462; amount owing and amount of settlement: $2,548.67.

Various events and meetings were held at this facility throughout the campaign. They have agreed to forgive the debt in its entirety because a great deal of money was spent at the establishment throughout the campaign for the various events held there.

3) James Bryan, 702 Redgate Avenue, Apartment #1, Norfolk, VA 23501; amount owing and amount of settlement: $897.00.

Mr. Bryan incurred certain costs for campaign travel on his credit card. He is a friend of the candidate and has agreed to forgive the debt in its entirety.

4) Clevelands, 2913 Queen City Road, Chesapeake, VA 2[illegible]; amount owing and agreed amount of settlement: $90.00.

Due to a prior misunderstanding, a personal in-kind contribution was recorded as a corporate debt. The confusion arose when the company, not the individual, was listed on previous FEC reports. Mickey Cleveland is the onwer of Clevelands and should have been listed as an in-kind contributor under his name and not a vendor under the name of his company.

5) Jack W. Kerr, Jr., 234 Monticello Avenue, Suite 1100, Norfolk, VA; amount owing and agreed amount of settlement: $737.76.

Mr. Kerr sponsored a luncheon at the Town Point Club on his membership card. He is a friend of the candidate and has agreed to forgive the debt as an in-kind constribution from his wife.

6) U.S. Flag & Signal, 129 Pennsylvania Avenue, Virginia Beach, VA 23452; amount owing and amount of settlement: $88.55.

U.S. Flag & Signal Company owner Pallee Bistrup has written off the debt with the Canada for Congress Committee. Several statements were mailed out regarding the debt. Upon discussion regarding the committee's current financial situation, debt settlement was agreed to by both parties.

7) McKendree & Co., P.O. Box 6223, Norfolk, VA 23508; amount owing and amount of settlement: $1,642.48.

The campaign leased its copy machine from his company and money was paid to the company during the campaign for supplies and maintenance of the copy equipment. After reviewing the final six monthly statements sent to the Canada for Congress Committee, a settlement to write off the remaining balance was agreed to by both parties.

8) Print & Mail, 4356 Holland Plaza Shopping Center, Virginia Beach, VA 23452; amount owing and amount of settlement: $2,796.00.

The committee used Print & Mail extensively during the campaing and regular payments were made including several after the election. A debt settlement was agreed to by both parties and the final balance was written off.

9) Admiral Vincent Lascara, Jonathan Corp., 103 - 3rd Street, Norfolk, VA 23510; amount owing and amount of settlement: $813.43.

Admiral Lascara sponsored an event for the campaign at Town Point Club on his personal membership card. He is a friend of the candidate and has agreed to forgive the debt as an in-kind contribution from his wife.

10) American Maritime Officers Service, 923 - 15th Street, N.W., Washington, D.C.; amount inadvertently listed as a debt: $300.00.

This association sponsored an event for the candidate and the $300.00 was for the catering service; this association never sent the campaign a bill but a statement for in-kind contribution purposes; the statement was inadvertently listed instead as a debt.

Sincerely,

Sandra M. Lahouchuc

Sandra M. Lahouchuc

Assistant Campaign Treasurer

OCT 26 1987
REGULAR MAIL

JOE CANADA CONGRESS

A STRONG, EFFECTIVE, INDEPENDENT VOICE IN CONGRESS

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
87 NOV -3 AM 11:05

1987 NOV -4 PM 12:28

October 26, 1987

Ms. Robin Walls
Federal Election Commission
Reports Analysis Division
999 E Street, N.W.
Washington, D.C. 20463

115363

Dear Robin:

This is in response to your letter dated October 7, 1987 regarding review of the Canada for Congress '86 debt settlement. The letter requested information about initial terms of credit and specific steps taken by the creditors (Holiday Inn Executive Center and James Bryan) to obtain payment. That information is described below.

<u>Holiday Inn Executive Center:</u>

Each month the campaign received statements detailing payments made and current account balances. The payment period was to be within 30 days. No interest was charged on amounts in arrears. This procedure continued into June of 1987 at which point discussions were held regarding a possible debt settlement. In light of the fact that regular payments were made during the first half of the campaign and that fund raising efforts to retire the debt were only partially successful, an agreement was reached releasing the campaign from the remaining balance due.

<u>James Bryan:</u>

Mr. Bryan incurred expenses related to the campaign throughout 1986. He was reimbursed for all of these expenses with the exception of the current outstanding balance. There was no interest charged on amounts in arrears. Several letters were sent by Mr. Bryan during the latter half of 1986 and the first half of 1987 requesting payment of the outstanding balance. However, in light of only partially successful post election fundraising, Mr. Bryan agreed to release the campaign of the final outstanding balance.

Please contact the campaign if further questions arise.

Sincerely,

Peter Lawrence

Peter Lawrence
Former Finance Director Canada for Congress '86

PL:eb

8 7 0 1 3 3 9 0 2 2 9

MID YEAR REPORT

SCHEDULE [illegible] (Revised [illegible])

DEBTS AND OBLIGATIONS
Excluding Loans

Page 1 of [illegible]
Line number [illegible]
Use separate schedule 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
CANADA FOR CONGRESS '86				
A. Full Name, Mailing Address and Zip Code of Debtor or Creditor U.S. Flag & Signal 129 Pennsylvania Avenue Virginia Beach, VA 23462	88.55	-0-	-0-	-0- (settlement)
Nature of Debt (Purpose): Flags				
B. Full Name, Mailing Address and Zip Code of Debtor or Creditor Studio III 240 Mustang Trail, Suite 6 Virginia Beach, VA 23452	96.48	-0-	96.48	-0-
Nature of Debt (Purpose): Media Expense				
C. Full Name, Mailing Address and Zip Code of Debtor or Creditor McKendree & Co. P.O. Box 6223 Norfolk, VA 23508	1642.48	-0-	-0-	-0- (settlement)
Nature of Debt (Purpose): Copier service supplies				
D. Full Name, Mailing Address and Zip Code of Debtor or Creditor Computerland of Va. Beach 509 N. Birdneck Road Virginia Beach, VA 23451	155.18	22.42	155.18	22.42
Nature of Debt (Purpose): Supplies				
E. Full Name, Mailing Address and Zip Code of Debtor or Creditor Federal Express Box 727 Memphis, TN 38194	205.50	-0-	152.00	48.50
Nature of Debt (Purpose): Postage				
F. Full Name, Mailing Address and Zip Code of Debtor or Creditor Capstone Lists, Inc. P.O. Box 786 Alexandria, VA 22313	401.26	-0-	-0-	401.26
Nature of Debt (Purpose): Campaign material				
1) SUBTOTALS This Period This Page (optional)				472.18
2) TOTAL This Period (last page this line only)				
3) TOTAL OUTSTANDING LOANS from Schedule C (last page only)				
4) ADD 2) and 3) and carry forward to appropriate line of Summary Page (last page only)				

SCHEDULE D
(Revised 3/80)

1987 Mid-Year Report

DEBTS AND OBLIGATIONS
Excluding Loans

Page 2 of 3

LINE NUMBER 10
(Use separate schedules for each numbered line)

Name of Committee (in Full) CANADA FOR CONGRESS '86	Outstanding Balance Beginning This Period	Amount Incurred This Period	Payment This Period	Outstanding Balance at Close of This Period
A. Full Name, Mailing Address and Zip Code of Debtor or Creditor Davis & Phillips 109 E. Main Street Norfolk, VA 23510	769.00	-0-	-0-	-0- (settlement)
Nature of Debt (Purpose): Media consulting				
B. Full Name, Mailing Address and Zip Code of Debtor or Creditor Holiday Inn Executive Center 5655 Greenwich Road Virginia Beach, VA 23462	2548.67	-0-	-0-	-0- (settlement)
Nature of Debt (Purpose): Use of facilities				
C. Full Name, Mailing Address and Zip Code of Debtor or Creditor Cellular One 1 Columbus Ctr., Suite 530 Virginia Beach, VA 23462	442.91	-0-	441.91	-0-
Nature of Debt (Purpose): Phone expense				
D. Full Name, Mailing Address and Zip Code of Debtor or Creditor Mattox Commercial Photography Southern Towers 5055 Seminary Road Alexandria, VA 22311	220.50	-0-	220.50	-0-
Nature of Debt (Purpose): Photography				
E. Full Name, Mailing Address and Zip Code of Debtor or Creditor Professional Printing Center 428 Newtown Road Virginia Beach, VA 23462	1428.92	-0-	806.48	622.44
Nature of Debt (Purpose): Printing				
F. Full Name, Mailing Address and Zip Code of Debtor or Creditor James Bryan 702 Redgate Avenue, Apt. 1 Norfolk, VA 23501	897.08	-0-	-0-	-0- (settlement)
Nature of Debt (Purpose): Travel expense				
1) SUBTOTALS This Period This Page (optional)				622.44
2) TOTAL This Period (last page this line only)				
3) TOTAL OUTSTANDING LOANS from Schedule C (last page only)				
4) ADD 2) and 3) and carry forward to appropriate line of Summary Page (last page only)				

8 7 0 1 3 3 4 4 5 7 2

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 24, 1988

MEMORANDUM

TO: The Commission

FROM: Lawrence M. Noble
General Counsel

By: Lois G. Lerner LL
Associate General Counsel

SUBJECT: DSR 87-24 Debt Settlement Referral:
Canada for Congress Committee '86

I. Introduction

This memorandum concerns the settlement of outstanding debts of the Canada for Congress Committee '86 (the "Committee") and six (6) of its creditors.

II. Facts

As stated in the attached memorandum from the Reports Analysis Division ("RAD"), the Committee submitted information regarding its efforts to settle debts on August 5 and, as amended on September 22, 1987 (Attachment 1). Additional information was submitted on November 3, 1987 in response to a Request for Additional Information and Second Notice. Further clarification of these debt settlement requests had been sought by RAD to determine which items were in-kind contributions and which were debt settlement requests.

The Committee's current financial status indicates that as of June 30, 1987, it had $340 cash on hand and owed $3,307 in debts and obligations to seven creditors, excluding the subject debts of this report. The candidate has also forgiven $45,225 in loans owed to him by the Committee.

The Committee responded that four of the debts should be treated as in-kind contributions (See II.C infra). The Committee also provided documentation that it has settled debts owed to five corporate creditors and one individual creditor. The total amount of the debts owing to these creditors, which were for goods or services rendered to the Committee during the 1985-86 election cycle, is $15,294. To date, the Committee has paid a total of $6,552 on the combined debt, and has negotiated agreements with these creditors resulting in proposed settlements whereby it has made no additional payments and all outstanding balances ($8,742 in total) are forgiven, for an average forgiveness of 57%, as follows:

CREDITOR	ORIGINAL DEBT	AMOUNT PAID	AMOUNT OWED	SETTLEMENT OFFER	AMOUNT & % FORGIVEN
Davis & Phillips	$ 1469	$ 700	$ 769	-0-	$769 52%
Holiday Inn Executive Center	6101	3552	2549	-0-	2549 42%
James Bryan	897	-0-	897	-0-	897 100%
U.S. Flag & Signal Company	89	-0-	89	-0-	89 100%
McKendree & Co.	1642	-0-	1642	-0-	1642 100%
Print & Mail	5096	2300	2796	-0-	2796 55%
	$15,294	$6,552	$8,742	-0-	$8,742 57%

III. Legal Analysis

A. Corporate Creditors

The Committee's corporate creditors are each duly organized or existing in good standing in the Commonwealth of Virginia. These creditors are Davis Advertising, Inc. (d/b/a Davis & Phillips), Holiday Inns, Inc. (t/a Holiday Inn Executive Center), U.S. Flag & Signal Company, W.I. McKendree Company, Incorporated (d/b/a McKendree & Co.), and Print & Mail, Inc.

A corporation is permitted to extend credit to a candidate, political committee or other person in connection with a federal election, provided that the extension of credit is in the ordinary course of the corporation's business practices and the terms of credit are substantially similar to extensions of credit to non-political entities which are of a similar risk and size of obligation. 11 C.F.R. § 114.10.

If a corporate debt is settled in a commercially reasonable manner, the settlement will not be considered an illegal corporate contribution. However, the corporation and/or the debtor must file a statement of settlement with the

Commission, including the initial terms of credit and remedies pursued by the creditor. Such statement must be filed prior to the termination of reporting status, and the settlement is subject to Commission review. 11 C.F.R. § 114.10(c).

Accordingly, the debt settlements have been examined to determine, pursuant to 11 C.F.R. § 114.10(c), whether:

1. the initial extension of credit was in the ordinary course of the corporation's business practices;

2. the debtor has taken all commercially reasonable efforts to satisfy the outstanding debts; and

3. the corporate creditor has pursued customary remedies to collect the debt.

In this case, the debtor has submitted a letter stating that each corporate creditor has agreed to settle its debt by forgiving the amount due. This letter also indicated that the initial extension of credit was made in acccordance with 11 C.F.R. § 114.10(a) and that the creditor had taken all commercially reasonable steps to collect the sums outstanding.

The information provided by the Committee indicates that the requirements of 11 C.F.R. § 114.10(c) have been satisfied. Accordingly, this Office recommends that the Commission conclude that the debt settlements with the above-listed corporate creditors would not result in apparent violations of FECA or Commission regulations.

B. Non-corporate Creditor

It has been Commission policy since 1978 to permit non-corporate creditors to forgive debts without being charged with a contribution under the Federal Election Campaign Act of 1971, as amended (the "Act"), provided that the debt was incurred in connection with the provision of goods and/or services to a campaign by a non-corporate entity or individual creditor in the ordinary course of a business or professional enterprise. (See Agenda Document #78-118, dated April 27, 1978, and adopted by the Commission on May 4, 1978). Such forgiveness is subject to Commission review if it exceeds the creditor's contribution limitation or if the creditor notified the Commission that he or she wishes the entire amount of forgiveness to be treated as a debt settlement and not as a contribution-in-kind. In such cases the Committee or creditor is also required to submit a statement of settlement.

The corollary to this policy is that debts owed for services not rendered in the ordinary course of the non-corporate creditor's business are contributions by the creditor involved until the loans are repaid. Generally debts owed to individuals constitute contributions or loans subject to the Act's contribution limitation of $1000 per election, 2 U.S.C. § 441a(1)(A), unless such debts involve transportation costs of $1000 or less or a volunteer's subsistence costs. 11 C.F.R. § 100.7(8) exempts from the definition of contribution the value of unreimbursed transportation expenses, not in excess of $1000, incurred by an individual on behalf of a candidate. That provision also exempts unreimbursed payments for "usual and normal subsistence expenses incidental to volunteer activity." Therefore, any amount of a debt up to $1000 which represents unreimbursed transportation expenses would not be subject to the $1000 contribution limitation, nor would the total unreimbursed subsistence costs paid by volunteers, if such sums involve the individual's own travel and subsistence costs.

Because it appears that Mr. Bryan */ did not extend credit to the Committee in the ordinary course of business, he would be deemed to have made a loan or advance to the Committee which is not properly subject to debt settlement. Ordinarily such loan or advance would be deemed an in-kind contribution. However, this debt represents unreimbursed travel expenses of a volunteer which is not subject to the definition of contribution. Further the debt of $897.08 does not exceed the $1000 limit on transportation costs. Therefore, the debt is not subject to debt settlement nor would it involve a contribution. Accordingly, the Office of the General Counsel recommends that the Commission take no action with respect to the debt owed to Mr. Bryan.

C. In-Kind Contributions

The Committee indicated that debts owed to Mickey Cleveland ($90 for soft drinks), Mrs. Jack W. Kerr, Jr. ($737.76 for a luncheon), Mrs. Vincent Lascara ($813.43 for a reception), and American Maritime Officers Service ($300 for catering services) should be reported as in-kind contributions, not as debts or debt settlements. In the 1987 Mid-Year Report dated July 27, 1987, these sums were indicated as in-kind contributions by each party other than Mr. Cleveland. However, in an amended 1987 Mid-Year Report the sums due to Mrs. Lascara and Mrs. Kerr were reported as in-kind debts which had been settled. No other contributions from these individuals or entity were disclosed in the Committee's reports. This Office recommends that the Committee

*/ Mr. Bryan also contributed $695 in the aggregate to the Committee's general election fund.

be instructed to amend its reports to reflect these receipts from Mr. Cleveland, Mrs. Kerr and Mrs. Lascara as in-kind contributions with appropriate documentation from the donors to reflect such intention.

The Committee also reported the receipt of a $300 in-kind contribution from American Maritime Officers Services ("AMOS"). According to the Committee, AMOS sponsored a campaign event. AMOS further did not send a bill for the $300 in catering services, but rather a statement for in-kind contribution which was inadvertently listed as a debt.

This organization is a validly incorporated entity under the laws of the District of Columbia. As a corporation, AMOS is prohibited by 2 U.S.C. § 441b(a) from making a contribution to a federal election campaign. Further the Committee is prohibited from receiving contributions made by a corporation. It is, therefore, the recommendation of this Office that the Commission determine that a matter under review should be opened with regard to this apparent corporate contribution.

IV. RECOMMENDATIONS

The Office of General Counsel recommends that the Commission:

1. Conclude that the debt settlements with Davis Advertising, Inc. (Davis & Phillips), Holiday Inn Executive Center, U.S. Flag & Signal Company, W.I. McKendree Company, Incorporated (McKendree & Co.) and Print & Mail, Inc. would not result in apparent violations of the Federal Election Campaign Act of 1971, as amended, or the Commission's Regulations.

2. Take no action with regard to the debt settlement with James Bryan.

3. Open a Matter Under Review as to the debt with American Maritime Officers Services.

4. Approve and send the attached letters (7).

Attachments
1. Referral Materials
2. Letters (7)

Staff Person: C.L. Jacoby

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Debt Settlement Request of) DSR 87-24 (MUR 2546)
Canada for Congress Committee '86)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of April 5, 1988, do hereby certify that the Commission decided by a vote of 5-1 to take the following actions with respect to DSR 87-24:

1. Conclude that the debt settlements with Davis Advertising, Inc. (Davis & Phillips), Holiday Inn Executive Center, U.S. Flag & Signal Company, W.I. McKendree Company, Incorporated (McKendree & Co.) and Print & Mail, Inc. would not result in apparent violations of the Federal Election Campaign Act of 1971, as amended, or the Commission's Regulations.

2. Take no action with regard to the debt settlement with James Bryan.

3. Open a Matter Under Review as to the debt settlement with American Maritime Officers Services.

4. Approve and send the seven letters attached to the General Counsel's report dated March 24, 1988.

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

Attest:

4-6-88 Marjorie W. Emmons

Date Marjorie W. Emmons
Secretary of the Commission

8 8 0 4 0 7 2 3 3 7 7

RECEIVED
FEDERAL ELECTION COMMISSION

88 APR 19 AM 11:40

SENSITIVE

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

FIRST GENERAL COUNSEL'S REPORT

MUR 2596
STAFF MEMBER: Celia L. Jacoby

Source of MUR: INTERNALLY GENERATED

RESPONDENTS' NAMES: Canada for Congress Committee '86 and John W. Kerr, as treasurer; American Maritime Officers Services

RELEVANT STATUTE: 2 U.S.C. § 441b(a)

INTERNAL REPORTS CHECKED: FEC Disclosure Documents

FEDERAL AGENCIES CHECKED: N/A

I. GENERATION OF MATTER

On August 5 and September 22, 1987, the Canada for Congress Committee '86 (the "Committee") submitted information regarding its efforts to settle various debts.

II. FACTUAL AND LEGAL ANALYSIS

Among the Committee's proposed debt settlements was a $300.00 debt owed to American Maritime Officers Services ("AMOS") for catering services. In response to inquiries by the Reports Analysis Division, the Committee stated that this sum was inadvertently listed as a debt and actually represents an in-kind contribution from AMOS. AMOS is a corporation in good standing under the laws of the District of Columbia and was incorporated on March 17, 1980.

Pursuant to 2 U.S.C. § 441b(a), it is unlawful for any candidate, political committee or other person knowingly to accept or receive any contribution from a corporation. Under that section it is also unlawful for any corporation to make a contribution or expenditure in connection with any election for federal office. In this matter it appears that a corporation made a contribution to a political committee which accepted that contribution in violation of 2 U.S.C. § 441b(a). Therefore, this Office recommends that the Commission find reason to believe that American Maritime Officers Services violated 2 U.S.C. § 441b(a) and that Canada for Congress Committee '86 and John W. Kerr, as treasurer, violated 2 U.S.C. § 441b(a). On April 5, 1988, the Commission determined to take no action with regard to the debt settlement with AMOS and opened a Matter Under Review to consider this issue.

III. RECOMMENDATIONS

1. Find reason to believe that American Maritime Officers Services violated 2 U.S.C. § 441b(a).

2. Find reason to believe that Canada for Congress Committee '86 and John W. Kerr, as treasurer, violated 2 U.S.C. § 441b(a).

3. Approve and send the attached letters, questions, and Factual and Legal Analyses.

Lawrence M. Noble
General Counsel

4/19/88
Date

By: Lois G. Lerner
Associate General Counsel

Attachments
1. Letters (2)
2. Questions to Committee
3. Factual and Legal Analyses (2)

89040723379

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Canada for Congress Committee '86) MUR 2596
and John W. Kerr, as treasurer;)
American Maritime Officers Services)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on April 21, 1988, the Commission decided by a vote of 5-0 to take the following actions in MUR 2596:

1. Find reason to believe that American Maritime Officers Services violated 2 U.S.C. § 441b(a).

2. Find reason to believe that Canada for Congress Committee '86 and John W. Kerr, as treasurer, violated 2 U.S.C. § 441b(a).

3. Approve and send the letters, questions, and Factual and Legal Analyses, as recommended in the First General Counsel's report signed April 19, 1988.

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

Attest:

4-21-88 — Marjorie W. Emmons

Date

Marjorie W. Emmons
Secretary of the Commission

Received in the Office of Commission Secretary:	Tues.,	4-19-88,	11:40
Circulated on 48 hour tally basis:	Tues.,	4-19-88,	4:00
Deadline for vote:	Thurs.,	4-21-88,	4:00

pbm

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 28, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Gordon W. Spenser, Registered Agent
American Maritime Officers Services
923 15th Street, N.W.
Washington, D.C. 20005

RE: MUR 2596
American Maritime
Officers Services

Dear Mr. Spenser:

On April 21, 1988, the Federal Election Commission found that there is reason to believe American Maritime Officers Services 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 American Maritime Officers Services. 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 American Maritime Officers Services, 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.

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 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 Celia L. Jacoby, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Thomas J. Josefiak
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

plum

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 28, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John W. Kerr, Treasurer
Canada for Congress Committee '86
1062 Laskin Road, Suite 12A
Virginia Beach, Virginia 23451

RE: MUR 2596
Canada for Congress Committee '86 and John W. Kerr, as treasurer

Dear Mr. Kerr:

On April 21, 1988, the Federal Election Commission found that there is reason to believe Canada for Congress Committee '86 ("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, along with answers to the enclosed questions, 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 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 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.

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 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 Celia L. Jacoby, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Thomas J. Josefiak
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form
Questions

Questions to Canada for Congress Committee '86
and John W. Kerr, as treasurer

The Committee has reported the debt owed to American Maritime Officers Services ("AMOS") as an in-kind contribution. The in-kind contribution was apparently the sponsorship of a campaign event and catering services. Concerning this in-kind contribution,

1. Please provide a description of the event and all materials publicizing the event.

2. Please provide a copy of the statement received by the Committee from AMOS.

3. Who at AMOS arranged or coordinated this event?

4. Please describe in full all other services or goods rendered or furnished by AMOS to the Committee.

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Canada for Congress Committee '86 and John W. Kerr, as treasurer — MUR 2596

On August 5 and September 22, 1987, the Canada for Congress Committee '86 (the "Committee") submitted information regarding its efforts to settle various debts. Among the Committee's proposed debt settlements was a $300.00 debt owed to American Maritime Officers Services ("AMOS") for catering services. In response to inquiries by the Reports Analysis Division, the Committee stated that this sum was inadvertently listed as a debt and actually represents an in-kind contribution from AMOS. AMOS is a corporation in good standing under the laws of the District of Columbia and was incorporated on March 17, 1980.

Pursuant to 2 U.S.C. § 441b(a), it is unlawful for any candidate, political committee or other person knowingly to accept or receive any contribution from a corporation. Under that section it is also unlawful for any corporation to make a contribution or expenditure in connection with any election for federal office. In this matter it appears that a corporation made a contribution to a political committee which accepted that contribution in violation of 2 U.S.C. § 441b(a). Therefore, this Office recommends that the Commission find reason to believe that Canada for Congress Committee '86 and John W. Kerr, as treasurer, violated 2 U.S.C. § 441b(a).

SEHAM, KLEIN & ZELMAN
485 MADISON AVENUE
NEW YORK, NEW YORK 10022

(212) 935-6020

MARTIN C. SEHAM
FRED C. KLEIN
ANDREW E. ZELMAN
CLIFFORD S. BART
ROGER H. BRITON
JOAN EBERT ROTHERMEL

JOEL R. DICHTER
JANE B. JACOBS
HOWARD B. ALTMAN
STEVEN M. POST

TELECOPIER (212) 753-8101

May 25, 1988

Mr. Thomas J. Josefiak
Chairman
Federal Election Commission
Washington, D.C. 20463

Re: MUR 2596
American Maritime Officers Service

Dear Mr. Josefiak:

We are counsel for the American Maritime Officers Service ("AMOS"), and your letter of April 28, 1988, which was received on May 17, 1988, has been referred to us.

There appears to be some confusion on the part of the Canada for Congress Committee with regard to the $300.00 debt owed to AMOS. This amount, which was initially listed by the Committee as a debt, is the amount charged by AMOS for the use of its facilities, and at no time did AMOS change this debt to an in-kind contribution.

Unfortunately, AMOS is unable to locate a copy of the bill which was sent to the Committee. In the ordinary course, however, a bill is sent to the party using the facilities. We have spoken with Peter Lawrence, former finance director for the Committee, who is prepared, if necessary, to attest to the fact that a bill was received from AMOS and that the $300.00 due to AMOS was and is an outstanding debt and not an in-kind contribution. We also understand that the Committee is correcting its filings with the Commission and is attempting to locate the bill.

The Committee initially reported the amount due to AMOS as a debt, and apparently thereafter incorrectly changed it to an in-kind contribution. To our knowledge, there was no basis for this, and indeed, AMOS does not make contributions to political candidates or committees. We trust that the Committee's correction of its filings to correctly reflect this amount as an outstanding debt will resolve this matter, but please let us know if there are any further steps we should take in this regard.

Sincerely,

Martin C. Seham

MCS/iej

cc: Gordon Spencer

GCC #9388

STATEMENT OF DESIGNATION OF COUNSEL

88 MAY 27 PM 2:52

RECEIVED
FEDERAL ELECTION COMMISSION

MUR 2596

NAME OF COUNSEL: Joan Ebert Rothermel

ADDRESS: Seham, Klein & Zelman
485 Madison Avenue
New York City, New York 10022

TELEPHONE: (212) 935-6020

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.

May 24, 1988
Date

Gordon W. Spencer
Signature
GORDON W. SPENCER

RESPONDENT'S NAME: Gordon W. Spencer, Legislative Director

ADDRESS: American Maritime Officers Service
490 L'Enfant Plaza, East, S.W., #3204
Washington, D.C. 20024

HOME PHONE: (202) 488-3336

BUSINESS PHONE: (202) 479-1133

CCC #9709

RECEIVED
FEDERAL ELECTION COMMISSION

88 JUL -7 AM 10:26

SEHAM, KLEIN & ZELMAN
485 MADISON AVENUE
NEW YORK, NEW YORK 10022

(212) 935-6020

TELECOPIER (212) 753 8101

MARTIN C. SEHAM
FRED C. KLEIN
ANDREW E. ZELMAN
CLIFFORD S. BART
ROGER H. BRITON
JOAN EBERT ROTHERMEL

JOEL R. DICHTER
JANE B. JACOBS
HOWARD B. ALTMAN
STEVEN M. POST

July 5, 1988

RECEIVED
FEDERAL ELECTION COMMISSION

88 JUL -7 AM 11:43

Celia L. Jacoby, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 2596
American Maritime Officers Service

Dear Ms. Jacoby:

My apologies for the delay in getting back to you.

With regard to the $300 debt due the American Maritime Officers Service ("AMOS") from the Canada for Congress Committee, when payment was not received, representatives from AMOS contacted various people on the Committee requesting payment. In light of the amounts involved, litigation was not considered warranted, but on several occasions the Committee was requested to pay the debt and indicated it would do so as soon as funds were available.

Had AMOS been aware of the Committee's incorrect listing of this debt, it would have advised the Committee immediately of its error. Unfortunately, it was not, and assumed that payment would be forthcoming as soon as the Committee straightened out its affairs. AMOS still expects to be paid the full amount due and has again requested payment.

AMOS has treated this debt in the same manner as it would treat other debts of similar size. It has requested payment, in full, on several occasions, but to undertake further collection efforts would necessitate expenditures far in excess of the amount due.

Please let me know if you require any additional information.

Sincerely,

Joan Ebert Rothermel

Joan Ebert Rothermel

JER/iej

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Canada for Congress Committee '86) MUR 2596
and John W. Kerr, as treasurer)
American Maritime Officers)
Service)

[redacted]

GENERAL COUNSEL'S REPORT

The Office of the General Counsel is prepared to close the investigation in this matter as to Canada for Congress Committee '86 and John W. Kerr, as treasurer, and American Maritime Officers Service, based on the assessment of the information presently available.

8/8/88
Date

Lawrence M. Noble
General Counsel

SENSITIVE

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

88 AUG 22 AM 10:22

August 22, 1988

MEMORANDUM

TO: The Commission

FROM: Lawrence M. Noble
General Counsel

SUBJECT: MUR 2596

Attached for the Commission's review are briefs stating the position of the General Counsel on the legal and factual issues of the above-captioned matter. A copy of these briefs and a letter notifying the respondent corporation of the General Counsel's intent to recommend to the Commission a finding of no probable cause to believe and a letter notifying the respondent committee of the General Counsel's intent to recommend to the Commission a finding of no probable cause to believe on one ground and probable cause to believe on another ground were mailed on August 22, 1988. Following receipt of the respondents' replies to these notices, this Office will make a further report to the Commission.

Attachments
1-Briefs (2)
2-Letters to respondents (2)

Staff Person: C.L. Jacoby

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 22, 1988

Martin C. Seham, Esquire
Seham, Klein & Zelman
485 Madison Avenue
New York, NY 10022

RE: MUR 2596
American Maritime Officers
Service

Dear Mr. Seham:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, on April 21, 1988, the Federal Election Commission found reason to believe that your client, American Maritime Officers Service, violated 2 U.S.C. § 441b(a), and instituted an investigation in this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find no probable cause to believe that a violation has 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 15 days of your receipt of this notice, you may file with the Secretary of the Commission a brief (ten 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 may submit will be considered by the Commission before proceeding to a vote of whether there is probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within 15 days, you may submit a written request for an extension of time. All requests for extensions of time must be submitted in writing five days prior to the due date, and good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

A finding of probable cause to believe requires that the Office of the General Counsel attempt for a period of not less than 30, but not more than 90, days to settle this matter through a conciliation agreement.

Should you have any questions, please contact Celia L. Jacoby, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Brief

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
American Maritime Officers Service	)	MUR 2596
	)	

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

On August 5 and September 22, 1987, the Canada for Congress Committee '86 (the "Committee") submitted information regarding its efforts to settle various debts. Among the Committee's proposed debt settlements was a $300.00 debt owed to American Maritime Officers Service ("AMOS") for catering services. In response to inquiries by the Reports Analysis Division, the Committee stated that this sum was inadvertently listed as a debt and actually represented an in-kind contribution from AMOS. AMOS is a corporation in good standing under the laws of the District of Columbia and was incorporated on March 17, 1980.

On April 21, 1988, the Federal Election Commission found reason to believe that American Maritime Officers Service had violated 2 U.S.C. § 441b(a). AMOS responded to this notification on May 25 and July 5, 1988.

II. ANALYSIS

Pursuant to 2 U.S.C. § 441b(a), it is unlawful for any candidate, political committee or other person knowingly to accept or receive any contribution from a corporation. Under that section it is also unlawful for any corporation to make a contribution or expenditure in connection with any election for federal office.

88040723395

Counsel for AMOS stated that the sum in question represents the rental charged the Committee for using its facilities. A bill for this rental was sent, and the Committee listed the sum as a debt, an in-kind contribution and an in-kind disbursement in its 1987 Mid-Year Report. AMOS further asserted that "at no time did AMOS change this debt to an in-kind contribution."

The Committee confirmed that it had erred in reporting the sum in question as an in-kind contribution from AMOS. In a sworn affidavit the Committee's former finance director stated that the erroneous reporting resulted from a clerk's mistaken belief that AMOS was the same entity as "MEBA," the Marine Engineers' Beneficial Association Political Action Fund. The Committee further described its efforts to pay this debt and the collection efforts of AMOS.

Based on the responses received, it appears that no corporate contribution was made. Rather the appearance of a corporate contribution resulted from improper classification and reporting by the Committee. Recently the Committee corrected the discrepancies in its reports.

III. GENERAL COUNSEL'S RECOMMENDATION

1. Find no probable cause to believe that American Maritime Officers Service violated 2 U.S.C. § 441b(a).

8/19/88
Date

Lawrence M. Noble
General Counsel

88040723396

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 22, 1988

John W. Kerr, Treasurer
Canada for Congress Committee '86
1062 Laskin Road, Suite 12A
Virginia Beach, VA 23451

RE: MUR 2596
Canada for Congress Committee '86 and John W. Kerr, as treasurer

Dear Mr. Kerr:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, on April 21, 1988, the Federal Election Commission found reason to believe that Canada for Congress Committee '86 (the "Committee") and you, as treasurer, violated 2 U.S.C. § 441b(a), and instituted an investigation in this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find no probable cause to believe that a violation of 2 U.S.C. § 441b(a) has occurred, and to recommend that the Commission find probable cause to believe that a violation of 2 U.S.C. § 434(b)(8) has 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 15 days of your receipt of this notice, you may file with the Secretary of the Commission a brief (ten 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 may submit will be considered by the Commission before proceeding to a vote of whether there is probable cause to believe a violation has occurred.

88040723397

If you are unable to file a responsive brief within 15 days, you may submit a written request for an extension of time. All requests for extensions of time must be submitted in writing five days prior to the due date, and good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

A finding of probable cause to believe requires that the Office of the General Counsel attempt for a period of not less than 30, but not more than 90, days to settle this matter through a conciliation agreement.

Should you have any questions, please contact Celia L. Jacoby, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Brief

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Canada for Congress Committee '86) MUR 2596
and John W. Kerr, as treasurer)

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

On August 5 and September 22, 1987, the Canada for Congress Committee '86 (the "Committee") submitted information regarding its efforts to settle various debts. Among the Committee's proposed debt settlements was a $300.00 debt owed to American Maritime Officers Service ("AMOS") for catering services. In response to inquiries by the Reports Analysis Division, the Committee stated that this sum was inadvertently listed as a debt and actually represented an in-kind contribution from AMOS. AMOS is a corporation in good standing under the laws of the District of Columbia and was incorporated on March 17, 1980.

On April 21, 1988, the Federal Election Commission found reason to believe that Canada for Congress Committee '86 and John W. Kerr, as treasurer, had violated 2 U.S.C. § 441b(a). The Committee responded to this notification on May 16 and June 27, 1988.

II. ANALYSIS

Pursuant to 2 U.S.C. § 441b(a), it is unlawful for any candidate, political committee or other person knowingly to accept or receive any contribution from a corporation. Under that section it is also unlawful for any corporation to make a contribution or expenditure in connection with any election for federal office.

Counsel for AMOS stated that the sum in question represents the rental charged the Committee for using its facilities. A bill for this rental was sent, and the Committee listed the sum as a debt, an in-kind contribution and an in-kind disbursement in its 1987 Mid-Year Report. AMOS further asserted that "at no time did AMOS change this debt to an in-kind contribution."

The Committee confirmed that it had erred in reporting the sum in question as an in-kind contribution from AMOS. In a sworn affidavit the Committee's former finance director stated that the erroneous reporting resulted from a clerk's mistaken belief that AMOS was the same entity as "MEBA," the Marine Engineers' Beneficial Association Political Action Fund. The Committee further described its efforts to pay this debt and the collection efforts of AMOS.

Based on the responses received, it appears that no corporate contribution was received. Rather the appearance of a corporate contribution resulted from improper classification and reporting by the Committee. The Committee has corrected the discrepancies in its reports.

Each political committee under the Federal Election Campaign Act of 1971, as amended, is responsible for the accurate filing of reports. 2 U.S.C § 434. The political committee must disclose "the amount and nature of outstanding debts and obligations owed to or by such political committee, ..." 2 U.S.C. § 434(b)(8). The Committee initially reported the sum owed to AMOS as a debt in its 1986 Post-General and Year End Reports. However, in its 1987 Mid-Year Reports, this obligation was reported as an itemized in-kind receipt, an in-kind disbursement and as a debt. There was no disclosure of this debt in the 1987 Year End Report. In each debt settlement request submitted, the Committee stressed that this sum was not a debt. Recently the Committee has amended its 1987 Reports to reflect the nature of the obligation as an outstanding debt. Although these amendments have corrected this discrepancy in reporting, there is probable cause to believe that a violation of 2 U.S.C. § 434(b)(8) by failing to properly and continuously report the debt and obligation owed to AMOS occurred.

III. GENERAL COUNSEL'S RECOMMENDATIONS

1. Find no probable cause to believe that Canada for Congress Committee '86 and John W. Kerr, as treasurer, violated 2 U.S.C. § 441b(a).

2. Find probable cause to believe that Canada for Congress Committee '86 and John W. Kerr, as treasurer, violated 2 U.S.C. § 434(b)(8).

8/19/88
Date

Lawrence M. Noble
General Counsel

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
GCC# 363

SEHAM, KLEIN & ZELMAN
185 MADISON AVENUE
NEW YORK, NEW YORK 10022

88 SEP 12 AM 9:48

(212) 935-6020

MARTIN C. SEHAM
FRED C. KLEIN
ANDREW E. ZELMAN
CLIFFORD S. BART
ROGER H. BRITON
JOAN EBERT ROTHERMEL
JOEL R. DICHTER

JANE B. JACOBS
HOWARD B. ALTMAN
STEVEN M. POST

TELECOPIER (212) 753-8101

September 9, 1988

Secretary
Federal Election Commission
Washington, D.C. 20463

RECEIVED
FEDERAL ELECTION COMMISSION
88 SEP 12 PM 2:14

Re: MUR 2596 - American Maritime Officers Service

Dear Sir:

In accordance with the General Counsel's letter of August 22, 1988 in connection with the above-referenced matter, which was received by us on August 25th, we are submitting an original and ten copies of The America Maritime Officers Service Brief in support of the General Counsel's recommendation.

Sincerely,

Martin C. Seham

Martin C. Seham

MCS:em
cc: Lawrence M. Noble, Esq. - w/encl.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2596
American Maritime Officers	)	
Service	)	

AMERICAN MARITIME OFFICERS SERVICE BRIEF

I. PRELIMINARY STATEMENT

This Brief is submitted on behalf of the American Maritime Officers Service ("AMOS") in support of the General Counsel's recommendation that the Federal Election Commission (the "Commission") find no probable cause to believe that a violation occurred in the above-captioned matter. As indicated in the General Counsel's Brief, the April 21, 1988 initial finding of the Commission was the result of erroneous reporting by the Canada for Congress Committee '86 (the "Committee").

II. STATEMENT OF FACTS

On April 28, 1988 AMOS was notified of the Commission's April 21, 1988 finding of reason to believe that AMOS had violated 2 U.S.C. § 441b(a) on the grounds that it appeared that AMOS, a corporation, had made an in-kind contribution to the Committee. In response to this notification, AMOS advised the General Counsel that it had not made a contribution to the Committee, and that the $300 sum involved was the amount charged by AMOS for the use of its facilities, which amount had been billed to the Committee and remained due and owing. AMOS further advised that it at no time had changed this debt to an in-kind contribution, but to the contrary, had continued to contact members of the Committee requesting payment, and had been assured that payment would be forthcoming as soon as possible. We wish to advise the Commission that as of this date, payment has been received.

The Committee, in a sworn affidavit, has confirmed that the amount due AMOS, which was initially listed as a debt, was erroneously changed to an in-kind contribution, and has corrected its reports to properly classify the amount involved as a debt. Unfortunately, AMOS was unaware of the Committee's incorrect reporting, or it would have advised the Committee of its error.

III. ANALYSIS

Under 2 U.S.C. § 411b(a) it is unlawful for a corporation to make a contribution in connection with an election for federal office. In the instant case, the initial finding by the Commission resulted from incorrect reporting by the Canada for Congress Committee. The evidence submitted by AMOS and the Committee shows that the amount involved was and is a debt due and owing to AMOS, and that the change in listing of this debt to an in-kind contribution was unfounded and erroneous. AMOS has at all times acted in good faith and cannot be held responsible for the mistake or inadvertance of the Committee. Since AMOS did not make a contribution to the Committee there has been no violation of 2 U.S.C § 441b(a).

IV. CONCLUSION

Based on the foregoing, we respectfully submit that the Commission should find that there is no probable cause to believe that AMOS violated 2 U.S.C. § 441b(a).

Seham Klein & Zelman

SEHAM, KLEIN & ZELMAN
Counsel for American Maritime
Officers Service
485 Madison Avenue
New York, New York 10022
Tel: (212) 935-6020

Date: September 9, 1988

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT

88 SEP 27 AM 10:02

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Canada for Congress Committee '86	)	MUR 2596
and John W. Kerr, as treasurer	)	
American Maritime Officers Service	)	

EXECUTIVE SESSION
OCT 04 1988

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On August 5 and September 22, 1987, the Canada for Congress Committee '86 (the "Committee") submitted information regarding its efforts to settle various debts. Among the Committee's proposed debt settlements was a $300.00 debt owed to American Maritime Officers Service ("AMOS") for catering services. In response to inquiries by the Reports Analysis Division, the Committee stated that this sum was inadvertently listed as a debt and actually represented an in-kind contribution from AMOS. AMOS is a corporation in good standing under the laws of the District of Columbia and was incorporated on March 17, 1980.

On April 21, 1988, the Federal Election Commission found reason to believe that American Maritime Officers Service had violated 2 U.S.C. § 441b(a) and that Canada for Congress Committee '86 and John W. Kerr, as treasurer, had violated 2 U.S.C. § 441b(a). AMOS responded to this notification on May 25 and July 5, 1988; the Committee on May 16 and June 27, 1988. Briefs were mailed to the Committee and AMOS on August 22, 1988.

II. ANALYSIS

The Office of the General Counsel relies on the factual and legal analysis contained in the briefs circulated to the

Commission on August 22, 1988. Based on that analysis and the statements from the respondents, the appearance of a corporate contribution resulted from improper classification and reporting by the Committee. It further appears that the Committee failed to properly and continuously report the debt and obligation owed to AMOS in violation of 2 U.S.C. § 434(b)(8). During telephone conversations, counsel for the Committee has acknowledged these discrepancies in reporting.

III. DISCUSSION OF CONCILIATION AND CIVIL PENALTY

IV. RECOMMENDATIONS

1. Find no probable cause to believe that Canada for Congress Committee '86 and John W. Kerr, as treasurer, and American Maritime Officers Service violated 2 U.S.C. § 441b(a).

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Canada for Congress Committee '86	)	MUR 2596
and John W. Kerr, as treasurer	)	
American Maritime Officers Service	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of October 4, 1988, do hereby certify that the Commission decided by a vote of 5-1 to take the following actions in MUR 2596:

1. Find no probable cause to believe that Canada for Congress Committee '86 and John W. Kerr, as treasurer, and American Maritime Officers Service violated 2 U.S.C. § 441b(a).

2. Find probable cause to believe that Canada for Congress Committee '86 and John W. Kerr, as treasurer, violated 2 U.S.C. § 434(b)(8), but take no further action with respect to this violation.

3. Close the file as it pertains to American Maritime Officers Service and to Canada for Congress Committee '86 and John W. Kerr, as treasurer.

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

Attest:

10-4-88
Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

Thm

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 13, 1988

John W. Kerr, Treasurer
Canada for Congress Committee '86
1062 Laskin Road
Virginia Beach, VA 23451

RE: MUR 2596
Canada for Congress
Committee '86 and John W.
Kerr, as treasurer

Dear Mr. Kerr:

On October 4, 1988, the Federal Election Commission found that there is probable cause to believe that Canada for Congress Committee '86 (the "Committee") and you, as treasurer, violated 2 U.S.C. § 434(b)(8), a provision of the Federal Election Campaign Act of 1971, as amended, in connection with the failure to properly and continuously report a debt and obligation. After considering the circumstances of this matter, however, the Commission also determined to take no further action against the Committee and you, as treasurer. The Commission further found no probable cause to believe that the Committee and you, as treasurer, violated 2 U.S.C. § 441b(a). Accordingly, the Commission has closed its file in this matter.

The file will be made a part of the public record within 30 days. Should you wish to submit any materials to appear on the public record, please do so within ten days of your receipt of this letter. Such materials should be sent to the Office of the General Counsel.

If you have any questions, please contact Celia Jacoby, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 13, 1988

Martin C. Seham, Esquire
Seham, Klein & Zelman
485 Madison Avenue
New York, NY 10022

RE: MUR 2596
American Maritime
Officers Service

Dear Mr. Seham:

On October 4, 1988, the Federal Election Commission found no probable cause to believe that your client, American Maritime Officers Service, violated 2 U.S.C. § 441b(a). Accordingly, the file in this matter has been closed.

The file will be made a part of the public record within 30 days. Should you wish to submit any materials to appear on the public record, please do so within ten days of your receipt of this letter. Such materials should be sent to the Office of the General Counsel.

If you have any questions, please contact Celia Jacoby, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

L M Noble (JJZ)

Lawrence M. Noble
General Counsel

89040723409

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 2596

DATE FILMED 11-18-88 CAMERA NO. 3

CAMERAMAN PC.

8 8 0 4 0 7 2 3 4 1 0

FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

THE FOLLOWING MATERIAL IS BEING ADDED TO THE FILE IN

MUR 2596

89040725260

GCC# 9459

JAMES E. BRYAN
702 REDGATE AVENUE
NORFOLK, VIRGINIA 23507

June 3, 1988

Celia L. Jacoby, Esquire
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

RE: MUR ~~2598~~ 2596
Canada for Congress Committee '86

Dear Ms. Jacoby:

This letter is to verify that the $897.08 in expenses I incurred as a volunteer in the Canada for Congress campaign were transportation costs.

I hope this helps to clear up any questions in regard to your inquiry.

Sincerely,

James E Bryan

James Bryan

GCC#9641

RECEIVED
FEDERAL ELECTION COMMISSION

88 JUN 30 AM 8:39

JOE CANADA CONGRESS

A STRONG, EFFECTIVE, INDEPENDENT VOICE IN CONGRESS

1062 Laskin Road, Suite 12-A, Virginia Beach, VA 23451 (804) 422-8833

June 27, 1988

RECEIVED
FEDERAL ELECTION COMMISSION
88 JUN 30 AM 10:30

Celia L. Jacoby, Esquire
Federal Election Commission
1325 K Street, N.w.
Washington, D. C. 20463

Re: MUR ~~2598~~ 2596
Canada for Congress Committee '86
Identification Number: 115363

Dear Ms. Jacoby:

I, PETER C. LAWRENCE, former Finance Director for Canada for Congress Committee '86, after being first duly sworn, state as follows:

The following is a recounting of the Canada for Congress reporting of all AMOS entries:

1) A debt of $300.00 to AMOS was listed in the Canada for Congress '86 FEC report for the period 10/15/86 to 11/13/86.

2) The debt was still carried at $300.00 in the 12/31/86 FEC report.

3) The debt was listed as settled by an in-kind contribution in the 6/30/86 FEC report for the following reasons:

> There was a misunderstanding as to the nature of AMOS. The campaign was under the impression that AMOS was part of MEBA and was in a position to make an in-kind contribution to settle the outstanding debt (at that time the campaign was going through debt settlement arrangements with a number of entities).

4) The campaign committee is amending the 6/30/87 report and the 12/31/87 report to accurately reflect that there is still a $300.00 outstanding debt to AMOS. This will also be reflected in the 6/30/88 report.

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Celia L. Jacoby, Esq.
Federal Election Commission
Page Two
June 27, 1988

If you have any further questions regarding this matter, please do not hesitate to contact me.

Sinncerely,

Peter C Lawrence

PETER C. LAWRENCE
Former Finance Director

STATE OF VIRGINIA

CITY OF VIRGINIA BEACH, to-wit:

This day, PETER C. LAWRENCE, came before me and, after being first duly sworn, made oath that the facts contained in the foregoing letter are true to the best of his knowledge and belief.

GIVEN under my hand and notarial seal this 23rd day of June, 1988.

My commission expires: 2/1/89

Notary Public

(SEAL)

8 9 0 4 0 7 2 5 2 6 3

GCC#9327

RECEIVED
FEDERAL ELECTION COMMISSION

88 MAY 20 AM 9: 24

JOE CANADA CONGRESS

A STRONG, EFFECTIVE, INDEPENDENT VOICE IN CONGRESS

317 Birchwood Park Drive, Suite 303, Virginia Beach, VA 23452 (804) 431-1986

May 16, 1988

RECEIVED
FEDERAL ELECTION COMMISSION
88 MAY 20 PM 3: 20

Celia L. Jacoby, Esquire
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Re: MUR ~~2598~~ 2596
Canada for Congress Committee '86

Dear Ms. Jacoby:

Upon our review of the previous three FEC reports filed by the Canada for Congress campaign, it became apparent that the AMOS debt listed in the 12-31-86 report was incorrectly listed as an in-kind contribution in the 6-30-87 report. The AMOS debt should have been continued to be carried as an outstanding debt in the 6-30-87 and 12-31-87 FEC reports.

The Canada for Congress campaign will amend both the 6-30-87 and 12-31-87 reports to accurately reflect the outstanding debt. It will also be listed as such in the 6-30-88 report.

Please contact the Canada for Congress Committee if further action needs to be taken on their behalf.

Sincerely,

CANADA FOR CONGRESS COMMITTEE '86

By Peter Lawrence
PETER LAWRENCE
Former Finance Director

89040725264